

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



December 17, 2013

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OF THE
PECOS-BARSTOW-TOYAH INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
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TEXAS ECONOMIC DEVELOPMENT ACT
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NUEVO MIDSTREAM, LLC**

DECEMBER 17, 2013

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

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INDEPENDENT SCHOOL DISTRICT BOARD OF
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STATE OF TEXAS §

COUNTY OF REEVES §

On the 17th day of December, 2013, 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 Nuevo Midstream, LLC (Nuevo Midstream) 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 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 Nuevo Midstream, and the economic impact of that application:

On July 18, 2013, 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 Nuevo Midstream for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. On September 10, an amended application was submitted in response to a deficiency letter. A copy of the amended Application is attached as **Attachment A**.

The Applicant, Nuevo Midstream (Texas Taxpayer Id. 32043958548), is an entity 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**.

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

The Board of Trustees has acknowledged receipt of the Application, along with the requisite 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 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on November 5, 2013. A copy of the Comptroller's 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 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 prepared by Moak, Casey & Associates, Inc. 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 entered into negotiations with Nuevo Midstream, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

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

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

Board Finding Number 1.

There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Nuevo Midstream, LLC project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Board Finding Number 2.

The economic condition of Pecos, Texas is in need of long-term improvement, based on the state's analysis of Reeves County data.

Based on information provided by the Comptroller's Office that focused on the county level, Reeves County is the 159th largest county in the state in terms of population. Population growth in Reeves County is up slightly, based on these data. The population of Pecos-Barstow-Toyah Reeves County increased by 0.5 percent between 2009 and 2010, whereas the state population increased 1.8 percent during the same period.

September 2011 employment for Reeves County was up 1.4 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Reeves County was 10.7 percent in September 2011, however, higher than the state average of 8.5 percent.

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

Reeves County continues to have a lower per capita personal income than the state as a whole. In terms of per capita income, Reeves County's \$26,779 in 2009 ranked 225th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

The local economy in Reeves County will benefit from economic activity like that associated with the Nuevo Midstream project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$50,187 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Nuevo Midstream indicates that total employment will be approximately 10 new jobs, eight (8) of which will be qualifying jobs.

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create 10 new jobs when fully operational. Eight of these jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Permian Basin Regional Planning Council Region, where Reeves County is located was \$45,624 in 2012. The annual average manufacturing wage for 2012 for Reeves County is \$15,600. That same year, the county annual average wage for all industries was \$33,904. In addition to an annual average salary of \$50,187 each qualifying position will receive benefits such as health insurance, vision coverage, dental coverage, flexible spending accounts, 401(k), life insurance and disability insurance.

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 \$8.75 million on the basis of the goal of eight (8) new qualifying positions for the entire Nuevo Midstream project.

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$70 million, resulting in a relative level of investment per qualifying job of \$8.75 million.

Board Finding Number 5.

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.

Table 1 depicts Nuevo Midstream, LLC'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 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Nuevo Midstream, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	75	78	153	\$3,764,025	\$5,235,975	\$9,000,000
2014	85	110	195	\$4,265,895	\$7,734,105	\$12,000,000
2015	10	38	48	\$501,870	\$3,498,130	\$4,000,000
2016	10	33	43	\$501,870	\$3,498,130	\$4,000,000
2017	10	31	41	\$501,870	\$3,498,130	\$4,000,000
2018	10	29	39	\$501,870	\$2,498,130	\$3,000,000
2019	10	29	39	\$501,870	\$2,498,130	\$3,000,000
2020	10	29	39	\$501,870	\$3,498,130	\$4,000,000
2021	10	31	41	\$501,870	\$3,498,130	\$4,000,000
2022	10	29	39	\$501,870	\$3,498,130	\$4,000,000
2023	10	29	39	\$501,870	\$3,498,130	\$4,000,000
2024	10	27	37	\$501,870	\$3,498,130	\$4,000,000
2025	10	33	43	\$501,870	\$3,498,130	\$4,000,000
2026	10	31	41	\$501,870	\$3,498,130	\$4,000,000
2027	10	33	43	\$501,870	\$3,498,130	\$4,000,000
2028	10	31	41	\$501,870	\$4,498,130	\$5,000,000

Source: CPA, REMI, Nuevo Midstream, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Pecos-Barstow-Toyah ISD's ad valorem tax base in 2012-2013 was \$1.17 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Pecos-Barstow-Toyah ISD's estimated wealth per WADA was \$396,853. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Reeves County and Reeves County Hospital District with all property tax incentives sought being granted using estimated market value from Nuevo Midstream, LLC's application. Nuevo Midstream, LLC has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the Nuevo Midstream, LLC project on the region if all taxes are assessed.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate	Pecos-Barstow-Toyah I&S Levy	Pecos-Barstow-Toyah M&O Levy	Pecos-Barstow-Toyah I&S M&O and I&S Tax Levies (Before Credit Credited)	Pecos-Barstow-Toyah I&S M&O and I&S Tax Levies (After Credit Credited)	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	Estimated Total Property Taxes
				0.114000	1.040000			0.251520	0.350525	
2014	\$15,000,000	\$15,000,000		\$17,100	\$156,000	\$173,100	\$173,100	\$30,182	\$52,579	\$255,861
2015	\$60,000,000	\$60,000,000		\$68,400	\$624,000	\$692,400	\$692,400	\$120,730	\$210,315	\$1,023,445
2016	\$57,600,000	\$20,000,000		\$65,664	\$208,000	\$273,664	\$273,664	\$115,900	\$201,902	\$591,467
2017	\$54,720,000	\$20,000,000		\$62,381	\$208,000	\$270,381	\$210,952	\$110,105	\$191,807	\$512,864
2018	\$51,984,000	\$20,000,000		\$59,262	\$208,000	\$267,262	\$207,833	\$104,600	\$182,217	\$494,650
2019	\$49,384,800	\$20,000,000		\$56,299	\$208,000	\$264,299	\$204,870	\$124,213	\$173,106	\$502,188
2020	\$46,915,560	\$20,000,000		\$53,484	\$208,000	\$261,484	\$202,055	\$118,002	\$164,451	\$484,508
2021	\$44,569,782	\$20,000,000		\$50,810	\$208,000	\$258,810	\$199,381	\$112,102	\$156,228	\$467,711
2022	\$42,341,293	\$20,000,000		\$48,269	\$208,000	\$256,269	\$196,840	\$106,497	\$148,417	\$451,754
2023	\$40,224,228	\$20,000,000		\$45,856	\$208,000	\$253,856	\$194,427	\$101,172	\$140,996	\$436,595
2024	\$38,213,017	\$38,213,017		\$43,563	\$397,415	\$440,978	\$440,978	\$96,113	\$133,946	\$671,038
2025	\$36,302,366	\$36,302,366		\$41,385	\$377,545	\$418,929	\$418,929	\$91,308	\$127,249	\$637,486
2026	\$34,487,248	\$34,487,248		\$39,315	\$358,667	\$397,983	\$397,983	\$86,742	\$120,886	\$605,612
2027	\$32,762,885	\$32,762,885		\$37,350	\$340,734	\$378,084	\$378,084	\$82,405	\$114,842	\$575,331
2028	\$31,124,741	\$31,124,741		\$35,482	\$323,697	\$359,180	\$359,180	\$78,285	\$109,100	\$546,564
						Total	\$4,550,674	\$1,478,357	\$2,228,042	\$8,257,072

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Nuevo Midstream, LLC

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate	Pecos-Barstow-Toyah I&S Levy	Pecos-Barstow-Toyah M&O Levy	Pecos-Barstow-Toyah I&S M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	Estimated Total Property Taxes	
				0.114000	1.040000		0.251520	0.350525		
2014	\$15,000,000	\$15,000,000		\$17,100	\$156,000	\$173,100	\$37,728	\$52,579	\$263,407	
2015	\$60,000,000	\$60,000,000		\$68,400	\$624,000	\$692,400	\$150,912	\$210,315	\$1,053,627	
2016	\$57,600,000	\$57,600,000		\$65,664	\$599,040	\$664,704	\$144,876	\$201,902	\$1,011,482	
2017	\$54,720,000	\$54,720,000		\$62,381	\$569,088	\$631,469	\$137,632	\$191,807	\$960,908	
2018	\$51,984,000	\$51,984,000		\$59,262	\$540,634	\$599,895	\$130,750	\$182,217	\$912,862	
2019	\$49,384,800	\$49,384,800		\$56,299	\$513,602	\$569,901	\$124,213	\$173,106	\$867,219	
2020	\$46,915,560	\$46,915,560		\$53,484	\$487,922	\$541,406	\$118,002	\$164,451	\$823,858	
2021	\$44,569,782	\$44,569,782		\$50,810	\$463,526	\$514,335	\$112,102	\$156,228	\$782,665	
2022	\$42,341,293	\$42,341,293		\$48,269	\$440,349	\$488,619	\$106,497	\$148,417	\$743,532	
2023	\$40,224,228	\$40,224,228		\$45,856	\$418,332	\$464,188	\$101,172	\$140,996	\$706,356	
2024	\$38,213,017	\$38,213,017		\$43,563	\$397,415	\$440,978	\$96,113	\$133,946	\$671,038	
2025	\$36,302,366	\$36,302,366		\$41,385	\$377,545	\$418,929	\$91,308	\$127,249	\$637,486	
2026	\$34,487,248	\$34,487,248		\$39,315	\$358,667	\$397,983	\$86,742	\$120,886	\$605,612	
2027	\$32,762,885	\$32,762,885		\$37,350	\$340,734	\$378,084	\$82,405	\$114,842	\$575,331	
2028	\$31,124,741	\$31,124,741		\$35,482	\$323,697	\$359,180	\$78,285	\$109,100	\$546,564	
						Total	\$7,335,169	\$1,598,736	\$2,228,042	\$11,161,947

Source: CPA, Nuevo Midstream, LLC

¹Tax Rate per \$100 Valuation

Board Finding Number 6.

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.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$60 million to the tax base for debt service purposes at the peak investment level for the 2015-16 school year. The Nuevo Midstream project remains fully taxable for debt services taxes, with Pecos-Barstow-Toyah ISD levying a \$0.114 per \$100 I&S rate. While the value of the Nuevo Midstream project is expected to depreciate over the life of the agreement and beyond, full access to the additional value will add to the District's I&S tax base.

Board Finding Number 7.

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 suggest little underlying enrollment growth based on the impact of the Nuevo Midstream project.

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new manufacturing project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Pecos-Barstow-Toyah ISD as stated in **Attachment D**.

Board Finding Number 8.

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 Finding 8, the economic impact evaluation states:

According to Nuevo Midstream, LLC's application, "Nuevo Midstream, LLC currently operates and is expanding with hundreds of miles of gathering lines in two states. They allocate capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is

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

a significant factor in calculating the economic return and allocation of reserves to the project. However, Nuevo Midstream, LLC could redirect its expenditures to build the plant in Eddy County, New Mexico and Culberson County, Texas.”

Board Finding Number 9.

During the past two years, 12 projects in the Permian Basin Regional Planning Council Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

The Board of Trustees hired consultants to review and verify the information in the Application from Nuevo Midstream. Based upon the consultants’ review, the Board has determined that the information provided by the Applicant is true and correct.

Board Finding Number 11.

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

According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2012 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2012 industrial value for Pecos-Barstow-Toyah ISD is \$125.3 million. Pecos-Barstow-Toyah ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Pecos-Barstow-Toyah ISD is classified as a “rural” district due to its population characteristics. Given that the value of industrial property in Pecos-Barstow-Toyah ISD is more than \$90 million but less than \$200 million, it is classified as a Category II district which can offer a minimum value limitation of \$20 million.

Board Finding Number 12.

The Applicant (Taxpayer Id. 32043958548) 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 13.

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.

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss under current law in the first and subsequent years that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

Board Finding Number 14.

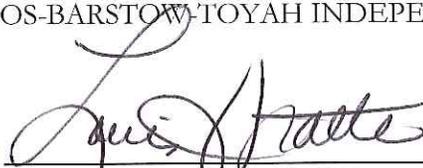
Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

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.

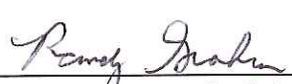
Board Findings of the Pecos-Barstow-Toyah Independent School District

Dated the 17th day of December 2013.

PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT

By: 
Louis Matta, President, Board of Trustees

ATTEST:

By: 
Randy Graham, Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 19, 2013

President and Members
Board of Trustees
Pecos-Barstow-Toyah Independent School District
1302 S. Park Street
Pecos, Texas 79772

Re: Recommendations and Findings of the firm Concerning Application of Nuevo Midstream, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Matta and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Pecos-Barstow-Toyah Independent School District, with respect to the pending Application of Nuevo Midstream, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of Nuevo Midstream, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Daniel T. Casey

www.moakcasey.com

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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KEVIN O'HANLON

CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

LESLIE McCOLLOM

CERTIFIED, CIVIL APPELLATE
CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

December 19, 2013

President and Members
Of the Board of Trustees
Pecos-Barstow-Toyah Independent School District
1302 S. Park Street
Pecos, Texas 79772

*Re: Recommendations and Findings of the Firm Concerning Application of Nuevo
Midstream, LLC for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes, first qualifying year 2014*

Dear President Matta and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Comanche Independent School District, with respect to the pending Application of Nuevo Midstream, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2014. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Nuevo Midstream, LLC Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.

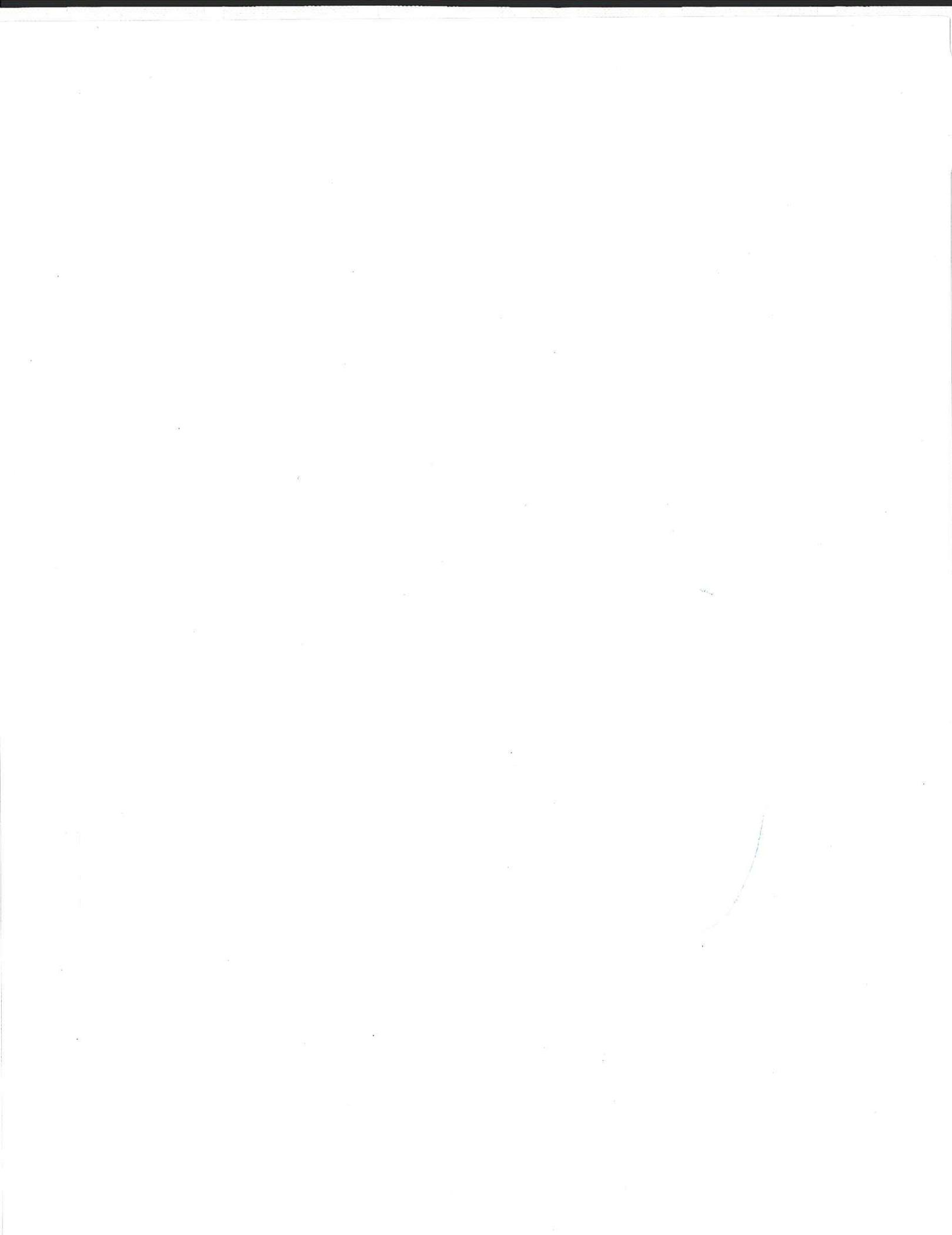
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of Nuevo Midstream, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin O'Hanlon', written in a cursive style.

Kevin O'Hanlon
For the Firm



Attachment A

Application

O'HANLON, MCCOLLOM & DEMERATH

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LESLIE MCCOLLOM
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CERTIFIED, LABOR AND EMPLOYMENT
TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

September 10, 2013

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Amended Application to the Pecos Barstow Independent School District from
Nuevo Midstream, LLC

FIRST QUALIFYING YEAR 2014

To the Local Government Assistance & Economic Analysis Division:

On August 14, 2013, the Pecos Barstow Independent School District submitted the Application of Nuevo Midstream, LLC. On August 28, 2013, a deficiency letter was issued for the application. In response to that the letter, Nuevo Midstream, LLC's submitted an amended application. The District re-determined the application complete as of September 10, 2013. Please prepare the economic impact report.

Please note, the District has confirmed that no construction has begun at the project site as of the date of the filing of the application and the District's determination that the application is complete. The Applicant is aware that the determination of a completed application by the Comptroller determines what property may be eligible for a value limitation agreement. The manufacturing facility will be constructed on vacant lot. The applicant has provided appraisal information regarding its facilities on the adjacent parcels of land simply to distinguish it from the property that is the subject of this application.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application. The wage the Applicant has committed to paying on this project is above the required statutory minimums.

To specifically address the deficiencies in the Application noted by the Comptroller's Office, the Applicant has provided the following additional information:

Letter to Local Government Assistance & Economic Analysis Division
September 10, 2013
Page 2 of 2

1. A clearer version of the map titled "Sketch Ramsey Map" has been provided.
2. The schedules have been signed by the company representative identified in the application.
3. Schedule C has been modified to match the information on page 10 of the application.
4. No guidelines and criteria have been submitted for the application. The Applicant has requested the school district to create the reinvestment zone.

A paper copy of the application will be hand delivered to your office today. In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Pecos County Appraisal District.

Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written in a cursive style.

Kevin O'Hanlon
School District Consultant

Cc: Chief Appraiser
Reeves County Appraisal District

Nuevo Midstream, LLC

Clark Boyd, Pecos Barstow ISD

June 6, 2013

Pecos-Barstow-Toyah ISD
Mr. Clarke Boyd
1302 South Park Street
Pecos, Texas 79772

RE: Application for Section 313 – Value Limitation Agreement

Nuevo Midstream, LLC is considering plans to build a 200mmscf/d gas processing plant inside Pecos-Barstow-Toyah ISD which will allow us the ability to process raw natural gas into useable products. The estimated investment for this project will be approximately \$70mm with an expected market value of \$60mm after completion in the 2nd quarter of 2014.

The positive economic impact stretches beyond the investment by providing a number of jobs during the construction phase, and at least 10 full time local jobs once construction is complete.

Nuevo Midstream, LLC is committed to the growth and welfare of the community. We believe our investment in Reeves County affirms our dedication to maintaining a considerable presence in the area.

Attached is our application for property tax limitation. We respectfully request this 10 year limitation under The Appraised Value Limitation on Qualified Property (Chapter 313 of the Texas Tax Code).

Please feel free to contact me if you have any questions. I can be reached via telephone 469-298-1594 or by email mfry@keatax.com.

Sincerely,



Mike Fry



Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Form 50-296
(Revised May 2010)

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 completed application to the Comptroller in a three-ring binder with tabs 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 Web site. 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 as explained in the Confidentiality Notice below.

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. 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, make a recommendation 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 before the 151st 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 complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's Web site to find out more about the program at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html>. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Authorized School District Representative		Date application received by district July 18, 2013
First Name Clarke	Last Name Boyd	
Title Superintendent		
School District Name Pecos-Barstow-Toyah ISD		
Street Address 1302 South Park Street		
Mailing Address		
City Pecos	State Texas	ZIP 79772
Phone Number 432-447-7201	Fax Number 432-447-2690	
Mobile Number (optional)	E-mail Address boydc@pbtisd.esc18.net	

I authorize the consultant to provide and obtain information related to this application..... Yes No

Will consultant be primary contact? Yes No



SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name **Kevin** Last Name **O'Hanlon**

Title **Attorney**

Firm Name **O'Hanlon, McCollom & Demerath, PC**

Street Address **808 West Avenue**

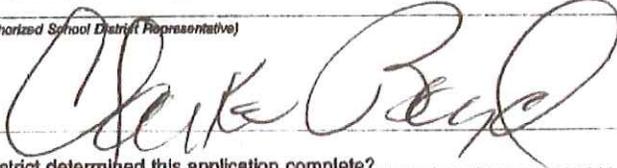
Mailing Address **808 West Avenue**

City **Austin** State **Tx** ZIP **78701**

Phone Number **512-494-9949** Fax Number **512-494-9919**

Mobile Number (Optional) E-mail Address **kohanlon@808west.com**

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.

Signature (Authorized School District Representative)  Date **7/18/13**

Has the district determined this application complete? Yes No

If yes, date determined complete. 8/14/13 Redetermined complete 9.10.13

Have you completed the school finance documents required by TAC 9.1054(c)(3)? Yes No

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

Checklist	Page X of 16	Check Completed
1 Date application received by the ISD	1 of 16	✓
2 Certification page signed and dated by authorized school district representative	2 of 16	✓
3 Date application deemed complete by ISD	2 of 16	✓
4 Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	✓
5 Completed company checklist	12 of 16	✓
6 School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	✓



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name Chris	Last Name Work
Title Senior Vice President and CFO	
Organization Nuevo Midstream, LLC	
Street Address 1331 Lamar, Suite 1450	
Mailing Address	
City Houston	State Texas
	ZIP 77010
Phone Number (713) 753-1406	Fax Number (713) 753-1537
Mobile Number (optional)	Business e-mail Address workc@teai.com

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

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

First Name Randy	Last Name Ziebarth
Title Senior Vice President and General Manager	
Organization Nuevo Midstream, LLC	
Street Address 1331 Lamar, Suite 1450	
Mailing Address 1331 Lamar, Suite 1450	
City Houston	State Texas
	ZIP 77010
Phone Number (713) 753-1406	Fax Number (713) 753-1537
Mobile Number (optional)	E-mail Address zeibarthr@teai.com

I authorize the consultant to provide and obtain information related to this application... Yes No

Will consultant be primary contact? Yes No

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name: **Mike** Last Name: **Fry**
 Title: **Tax Agent**
 Firm Name: **K E Andrews**
 Street Address: **1900 Dalrock Road**
 Mailing Address: **1900 Dalrock Road**
 City: **Rowlett** State: **Texas** ZIP: **75088**
 Phone Number: **469-298-1594** Fax Number: **469-298-1619**
 Business email Address: **mfry@keatax.com**

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 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.

Signature (Authorized Business Representative (Applicant)): *[Handwritten Signature]* Date: **6/6/13**

GIVEN under my hand and seal of office this **6th** day of **June 2013**



[Handwritten Signature]
 Notary Public, State of **TEXAS**

(Notary Seal)

My commission expires **08.17.2015**

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 § 37.10.



FEES AND PAYMENTS

Enclosed is proof of application fee paid to the school district.

For the purpose of this question, "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.

Please answer only either A OR B:

A. 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, §13.027(l)? Yes No

B. 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 §13.027(l)? Yes No

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

Nuevo Midstream, LLC

Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits)

32043958548

NAICS code

325120

Is the applicant a party to any other Chapter 313 agreements? Yes No

If yes, please list name of school district and year of agreement.

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State? Yes No

Identify business organization of applicant (corporation, limited liability corporation, etc.)

limited liability corporation

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)? Yes No
If so, please attach documentation of the combined group membership and contact information.

2. Is the applicant current on all tax payments due to the State of Texas? Yes No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? NA Yes No

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)

ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

- Are you an entity to which Tax Code, Chapter 171 applies? Yes No
- The property will be used as an integral part, or as a necessary auxiliary part, in 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
- Are you requesting that any of the land be classified as qualified investment? Yes No
- Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
- Will any of the proposed qualified investment be leased under an operating lease? Yes No
- Are you including property that is owned by a person other than the applicant? Yes No
- 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

PROJECT DESCRIPTION

Provide 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. (Use attachments as necessary)

See Attachment

Describe the ability of your company to locate or relocate in another state or another region of the state.

See Attachment

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- New Jobs
- Construct New Facility
- New Business / Start-up
- Expand Existing Facility
- Relocation from Out-of-State
- Expansion
- Purchase Machinery & Equipment
- Consolidation
- Relocation within Texas

PROJECTED TIMELINE

Begin Construction December 2013 Begin Hiring New Employees January 2014

Construction Complete April 2014 Fully Operational May 2014

Purchase Machinery & Equipment November 2013

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.

When do you anticipate the new buildings or improvements will be placed in service? May 2014



ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
N/A	N/A
Total	

Will other incentives be offered by local units of government? Yes No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

Seeking abatement with Reeves County with the following percentages through year 5 of the project. Year 1 - 20%, Year 2 - 20%, Year 3 - 20% Year 4 - 20%, Year 5 - 20%.

THE PROPERTY

Identify county or counties in which the proposed project will be located Reeves

Central Appraisal District (CAD) that will be responsible for appraising the property Reeves

Will this CAD be acting on behalf of another CAD to appraise this property? Yes No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Reeves -100% City: N/A
(Name and percent of project) (Name and percent of project)

Hospital District: Reeves County Hospital District - 100% Water District: N/A
(Name and percent of project) (Name and percent of project)

Other (describe): N/A Other (describe): N/A
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Yes No

If not, please provide additional information on the project scope and size to assist in the economic analysis.



Application for Appraised Value Limitation on Qualified Property

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 rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

At the time of application, what is the estimated minimum qualified investment required for this school district? 20 Million

What is the amount of appraised value limitation for which you are applying? 70 Million

What is your total estimated qualified investment? 70 Million

NOTE: See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? October 2013

What is the anticipated date of the beginning of the qualifying time period? January 2014

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? 70 Million

Describe the qualified investment.[See 313.021(1).]

Attach the following items to this application:

- (1) 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,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? Yes No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

- (1) in or on the new building or other new improvement for which you are applying? Yes No
(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? Yes No
(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? Yes No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? Yes No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? Yes No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? Yes No

QUALIFIED PROPERTY

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

- (1) 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,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
(3) a map of the qualified property showing location of new buildings or new improvements - with vicinity map.

Land

Is the land on which you propose new construction or 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

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? October 2013

Will the applicant own the land by the date of agreement execution? Yes No

Will the project be on leased land? Yes No

QUALIFIED PROPERTY (CONTINUED)

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

Miscellaneous

Is the proposed project a building or new improvement to an existing facility? Yes No

Attach a description of any existing improvements and include existing appraisal district account numbers.

List current market value of existing property at site as of most recent tax year. 0 (Market Value) 2012 (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313? Yes No

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation? Yes No

WAGE AND EMPLOYMENT INFORMATION

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

The last complete calendar quarter before application review start date is the:

First Quarter Second Quarter Third Quarter Fourth Quarter of 2013 (year)

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 TWC? 17 (Seventeen)

Note: For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application. N/A

Total number of new jobs that will have been created when fully operational 10

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement? Yes No

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)? Yes No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. **Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).**

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 8

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html>)

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).

WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. 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(7). See ATTACHMENT 14 for Wage Calculation details.

110% of the county average weekly wage for all jobs (all industries) in the county is \$717.48
 110% of the county average weekly wage for manufacturing jobs in the county is \$329.45
 110% of the county average weekly wage for manufacturing jobs in the region is \$964.95

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

§313.021(5)(A) or §313.021(5)(B) or §313.021(3)(E)(ii), or §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$50,175.84

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$50,175.84

- Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? Yes No
 - Will each qualifying job require at least 1,600 of work a year? Yes No
 - Will any of the qualifying jobs be jobs transferred from one area of the state to another? Yes No
 - Will any of the qualifying jobs be retained jobs? Yes No
 - Will any of the qualifying jobs be created to replace a previous employee? Yes No
 - Will any required qualifying jobs be filled by employees of contractors? Yes No
- If yes, what percent? up to 50%

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job? Yes No

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

Please see Attachment 15 for detail.

ECONOMIC IMPACT

- Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? Yes No
- Is Schedule A completed and signed for all years and attached? Yes No
- Is Schedule B completed and signed for all years and attached? Yes No
- Is Schedule C (Application) completed and signed for all years and attached? Yes No
- Is Schedule D completed and signed for all years and attached? Yes No

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

CONFIDENTIALITY NOTICE**Property Tax Limitation Agreement Applications
Texas Government Code Chapter 313
Confidential Information Submitted to the Comptroller**

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- 1) It describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as

the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

- This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act.
- The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office.
- Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.



COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	✓
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	N/A
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
11	A detailed map showing location of the land with vicinity map.	9 of 16	✓
12	A description of all existing (if any) improvements (Attachment)	9 of 16	N/A (adjacent info provided)
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	N/A
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓
15	Description of Benefits	10 of 16	✓
16	Economic Impact (if applicable)	10 of 16	N/A
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 16	✓
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	✓
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	will supplement upon
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	adoption
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

***To be submitted with application or before date of final application approval by school board.**

Schedule A (Rev. May 2010): Investment

Form 50-296

Applicant Name: Nuevo Midstream, LLC
 ISD Name: Pecos-Barstow-Toyah ISD

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment) Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property) Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)	1	2014-2015					
	2	2015-2016					
	3	2016-2017	2013				
	4	2017-2018					
	5	2018-2019		\$ 25,000,000.00			
	6	2019-2020					
	7	2020-2021					
	8	2021-2022					
	9	2022-2023					
	10	2023-2024					
	11	2024-2025					
	12	2025-2026					
	13	2026-2027					
	14	2027-2028					
	15	2028-2029					
Complete tax years of qualifying time period		2014	\$ 44,268,003.00	\$ 731,997	\$ 45,000,000.00		\$ 25,000,000.00
		2015					\$ 45,000,000.00
		2016					
		2017					
		2018					
		2019					
		2020					
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Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Form 50-296

Applicant Name: Nuevo Midstream, LLC
 ISD Name: Pecos-Barstow-Toyah ISD

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	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 building or "in or on the new improvement"		Final taxable value for I&S - after all reductions	Final taxable value for M&O - after all reductions
pre-year 1	2013-2014	2013						
1	2014-2015	2014		\$ 15,000,000	\$ -	\$ -	\$ 15,000,000	\$ 15,000,000
2	2015-2016	2015	\$ 731,997	\$ 59,268,003	\$ -	\$ -	\$ 60,000,000	\$ 60,000,000
3	2016-2017	2016	\$ 702,717	\$ 56,897,283	\$ -	\$ -	\$ 57,600,000	\$ 20,000,000
4	2017-2018	2017	\$ 667,581	\$ 54,052,419	\$ -	\$ -	\$ 54,720,000	\$ 20,000,000
5	2018-2019	2018	\$ 634,202	\$ 51,349,798	\$ -	\$ -	\$ 51,984,000	\$ 20,000,000
6	2019-2020	2019	\$ 602,492	\$ 48,782,308	\$ -	\$ -	\$ 49,384,800	\$ 20,000,000
7	2020-2021	2020	\$ 572,367	\$ 46,343,193	\$ -	\$ -	\$ 46,915,560	\$ 20,000,000
8	2021-2022	2021	\$ 543,749	\$ 44,026,033	\$ -	\$ -	\$ 44,569,782	\$ 20,000,000
9	2022-2023	2022	\$ 516,562	\$ 41,824,731	\$ -	\$ -	\$ 42,341,293	\$ 20,000,000
10	2023-2024	2023	\$ 490,734	\$ 39,733,495	\$ -	\$ -	\$ 40,224,228	\$ 20,000,000
11	2024-2025	2024	\$ 466,197	\$ 37,746,820	\$ -	\$ -	\$ 38,213,017	\$ 38,213,017
12	2025-2026	2025	\$ 442,887	\$ 35,859,479	\$ -	\$ -	\$ 36,302,366	\$ 36,302,366
13	2026-2027	2026	\$ 420,743	\$ 34,066,505	\$ -	\$ -	\$ 34,487,248	\$ 34,487,248
14	2027-2028	2027	\$ 399,706	\$ 32,363,180	\$ -	\$ -	\$ 32,762,885	\$ 32,762,885
15	2028-2029	2028	\$ 379,720	\$ 30,745,021	\$ -	\$ -	\$ 31,124,741	\$ 31,124,741

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

8/28/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule C- Application: Employment Information

Applicant Name **Nuevo Midstream, LLC**
 ISD Name **Pecos-Barstow-Toyah ISD**

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2013-2014	2013	75 FTE	\$ 50,176	0	\$ -	0	\$ -
	1	2014-2015	2014	75 FTE	\$ 50,176	10	\$ 50,176	8	\$ 50,176.00
	2	2015-2016	2015			10	\$ 50,176	8	\$ 50,176.00
	3	2016-2017	2016			10	\$ 50,176	8	\$ 50,176.00
	4	2017-2018	2017			10	\$ 50,176	8	\$ 50,176.00
	5	2018-2019	2018			10	\$ 50,176	8	\$ 50,176.00
	6	2019-2020	2019			10	\$ 50,176	8	\$ 50,176.00
	7	2020-2021	2020			10	\$ 50,176	8	\$ 50,176.00
	8	2021-2022	2021			10	\$ 50,176	8	\$ 50,176.00
	9	2022-2023	2022			10	\$ 50,176	8	\$ 50,176.00
	10	2023-2024	2023			10	\$ 50,176	8	\$ 50,176.00
	11	2024-2025	2024			10	\$ 50,176	8	\$ 50,176.00
	12	2025-2026	2025			10	\$ 50,176	8	\$ 50,176.00
	13	2026-2027	2026			10	\$ 50,176	8	\$ 50,176.00
	14	2027-2028	2027			10	\$ 50,176	8	\$ 50,176.00
	15	2028-2029	2028			10	\$ 50,176	8	\$ 50,176.00
Tax Credit Period (with 50% cap on credit)									
Credit Settle-Up Period									
Post-Settle-Up Period									
Post-Settle-Up Period									

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

8/28/23

DATE

Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name

Nuevo Midstream, LLC

ISD Name

Pecos-Barstow-Toyah ISD

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought								
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax		County	City	Hospital	Other					
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2013-2014	2013	\$ 1,800,873	\$ 25,000,000.00										
Complete tax years of qualifying time period	1	2014-2015	2014	\$ 1,350,655	\$ 43,649,345	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement					
	2	2015-2016	2015	\$ 1,800,873	\$ 2,429,485		20								
	3	2016-2017	2016	\$ 1,800,873	\$ 2,387,353		20								
	4	2017-2018	2017	\$ 1,800,873	\$ 2,691,140		20								
	5	2018-2019	2018	\$ 1,800,873	\$ 1,979,872		20								
	6	2019-2020	2019	\$ 1,800,873	\$ 1,964,067										
	7	2020-2021	2020	\$ 1,800,873	\$ 1,948,263										
	8	2021-2022	2021	\$ 1,800,873	\$ 1,932,458										
	9	2022-2023	2022	\$ 1,800,873	\$ 1,916,654										
	10	2023-2024	2023	\$ 1,800,873	\$ 1,900,849										
	11	2024-2025	2024	\$ 1,800,873	\$ 1,885,045										
	12	2025-2026	2025	\$ 1,800,873	\$ 1,773,612										
	13	2026-2027	2026	\$ 1,800,873	\$ 1,773,612										
	14	2027-2028	2027	\$ 1,800,873	\$ 1,773,612										
	15	2028-2029	2028	\$ 1,800,873	\$ 1,773,612										

*For planning, construction and operation of the facility.

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

8/28/13

DATE

Attachment

A

Certification pages by Authorized Business Representative

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

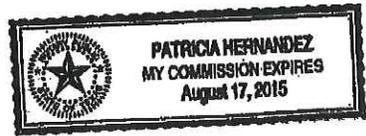
Authorized Company Consultant (If Applicable)

First Name: **Mike** Last Name: **Fry**
 Title: **Tax Agent**
 Firm Name: **K E Andrews**
 Street Address: **1900 Dalrock Road**
 Mailing Address: **1900 Dalrock Road**
 City: **Rowlett** State: **Texas** ZIP: **75088**
 Phone Number: **469-298-1594** Fax Number: **469-298-1619**
 Business email Address: **mfry@keatax.com**

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 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.

Signature (Authorized Business Representative (Applicant)): *[Handwritten Signature]* Date: **6/6/13**

GIVEN under my hand and seal of office this **6th** day of **June 2013**



[Handwritten Signature]
 Notary Public, State of **TEXAS**

(Notary Seal)

My commission expires **08.17.2015**

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 § 37.10.

Attachment

B

Proof of Payment of Application Fee

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)*

Attachment

C

Documentation of Combined Group Membership

N/A

Attachment

D

Detailed Description of Project

DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT
PECOS-BARSTOW-TOYAH SCHOOL DISTRICT

Proposed Project Description

Nuevo Midstream, LLC proposes to build a new 200 mmscf/d Gas Processing Plant in Reeves County, Texas. This project will also be located within the Reeves County Hospital District and the Pecos-Barstow-Toyah ISD.

Ramsey III Gas Processing Plant

The Ramsey III plant will include the installation of a 200 mmscf/d refrigerated cryogenic gas plant built by Cameron utilizing Randal Gas Group's patented NGL-Max process. The plant will include the following components:

- Pressure Vessels
 - 3 Molecular Sieve Dehydrators
 - 1 Regeneration Gas Scrubbers
 - 1 Cold Separators
 - 1 Reflux Separator
 - 1 Refrigerant Economizer
 - 1 Refrigerant Reclaimer
 - 1 Refrigerant Accumulator
 - 1 Refrigerant Scrubber
- Towers
 - 1 DeMethanizer
- Heat Exchangers
 - 1 Brazed Aluminum Heat Exchanger
 - 1 Inlet Gas Chiller
 - 1 DeMethanizer Side / Bottom Reboiler
 - 1 Regeneration Gas Heater
 - 1 DeEthanizer Trim Reboiler (For Rejection Mode)
- Air Coolers
 - 1 Refrigerant Condenser (Multiple Bays)
 - 1 NGL Product Cooler (For Rejection Mode)
 - 1 Regeneration Gas Cooler
 - 3 Refrigeration Compressor Lube Oil Coolers
- Expander – Compressor
 - 1 Expander / Compressor
- Pumps
 - 2 NGL Booster Pumps
 - 3 NGL Pipeline Pumps (3 – 50%) Phase 2
- Compression
 - 3 - 1,750 Horsepower Refrigeration Compressors
 - 3 – 3,550 Horsepower Residue Gas Compressors
 - 4 – 1,300 Horsepower Residue Gas Compressors
- Miscellaneous Equipment

Ability to locate or relocate:

Nuevo Midstream, LLC currently operates and is expanding with hundreds of miles of gathering lines in two states. They allocate capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project. However, Nuevo Midstream, LLC could redirect its expenditures to build the plant in the following counties mentioned below:

Eddy County – New Mexico
Culberson County - Texas

Attachment

E

District Allocation of Project

District Allocation:

Nuevo Midstream, LLC Ramsey Plant III is located 100% in Reeves County and Peco-Barstow-Toyah ISD

Attachment

F

Description of Qualified Investment

DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT
PECOS-BARSTOW-TOYAH SCHOOL DISTRICT

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 - 1 Refrigerant Accumulator
 - 1 Refrigerant Scrubber
- Towers
 - 1 DeMethanizer
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 - 1 Regeneration Gas Heater
 - 1 DeEthanizer Trim Reboiler (For Rejection Mode)
- Air Coolers
 - 1 Refrigerant Condenser (Multiple Bays)
 - 1 NGL Product Cooler (For Rejection Mode)
 - 1 Regeneration Gas Cooler
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- Expander – Compressor
 - 1 Expander / Compressor
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 - 2 NGL Booster Pumps
 - 3 NGL Pipeline Pumps (3 – 50%) Phase 2
- Compression
 - 3 - 1,750 Horsepower Refrigeration Compressors
 - 3 – 3,550 Horsepower Residue Gas Compressors
 - 4 – 1,300 Horsepower Residue Gas Compressors
- Miscellaneous Equipment

Attachment

G

Map of Qualified Investment

Qualified Investment/Property Vicinity Map



Attachment

H

Description of Qualified Property

DETAILED PROJECT DESCRIPTION OF QUALIFIED INVESTMENT
PECOS-BARSTOW-TOYAH SCHOOL DISTRICT

Proposed Project Description

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 - 1 Reflux Separator
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 - 1 Refrigerant Reclaimer
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 - 1 Refrigerant Scrubber
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 - 1 Regeneration Gas Heater
 - 1 DeEthanizer Trim Reboiler (For Rejection Mode)
- Air Coolers
 - 1 Refrigerant Condenser (Multiple Bays)
 - 1 NGL Product Cooler (For Rejection Mode)
 - 1 Regeneration Gas Cooler
 - 3 Refrigeration Compressor Lube Oil Coolers
- Expander – Compressor
 - 1 Expander / Compressor
- Pumps
 - 2 NGL Booster Pumps
 - 3 NGL Pipeline Pumps (3 – 50%) Phase 2
- Compression
 - 3 - 1,750 Horsepower Refrigeration Compressors
 - 3 – 3,550 Horsepower Residue Gas Compressors
 - 4 – 1,300 Horsepower Residue Gas Compressors
- Miscellaneous Equipment

Attachment

I

Map of Qualified Property

Qualified Investment/Property Vicinity Map



Attachment

J

Description of Land

12-08678

977/57

DEED STATE OF
TEXAS

WARRANTY DEED

STATE OF TEXAS

COUNTY OF Reeves

SOURCE DEED
RUSTLER HILLS to NUEVO MIDSTREAM
RAMSEY PLANT ACQUISITION
5.85 & 38.94 ACRES

For and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, **RUSTLERS HILLS II, LTD.**, a Texas corporation (hereinafter "Grantor"), does hereby grant, bargain, sell, convey and warrant unto **NUEVO MIDSTREAM, LLC**, a Delaware limited liability company (hereinafter "Grantee"), the lands in Reeves County, Texas, described in Exhibit "A" and Exhibit "B" attached hereto and made a part hereof by this reference (hereinafter the "Fee Acreage").

TO HAVE AND TO HOLD the Fee Acreage in accordance with the terms and provisions hereof, together with all rights, privileges and appurtenances thereunto belonging, unto Grantee, its successors and assigns, forever. Grantor hereby conveys to Grantee, its successors and assigns, and fully subrogates them to, all rights and actions of warranty now held or hereafter acquired by Grantor against others in respect of the Fee Acreage or any portion thereof.

This conveyance is made expressly subject to each of the following:

1. Any and all prior exceptions and reservations of oil, gas and other minerals of record;
2. Any and all rights-of-way and easements of record affecting the Fee Acreage or any portion thereof;
3. Any and all applicable municipal or county zoning ordinances; and
4. Any and all applicable protective or restrictive covenants of record.

Ad valorem taxes and any other applicable taxes for 2011 shall be prorated between Grantor and Grantee at the closing of this transaction as of the effective date of this conveyance.

Grantor shall retain and be fully responsible and shall indemnify, hold harmless and defend Grantee, its owners, managers and members and their respective employees, officers, directors, attorneys, agents and representatives from and against all loss, liability, and claims (including without limitation, attorneys' fees and expenses, court costs and expert fees and expenses) and causes of action asserted after the Effective Date arising from: (i) Personal injury claims and third party property damage claims relating to the ownership and operation of the Properties prior to the Closing; or (ii) Any contamination or condition exceeding regulatory limits (now or in the future) and not otherwise permanently authorized by permit or law, resulting from any discharge, release, production, storage, treatment, seepage, escape, leakage, emission, emptying, leaching or any other activities on, in or from the Fee Acreage, or the migration or transportation from other lands to the Fee Acreage of any wastes, pollutants, contaminants, hazardous materials or other materials or substances subject to regulation relating to the protection of the environment under current or future federal, state or local laws or statutes, including, but not limited to, the Clean Air Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substance Control Act, the Hazardous and Solid Waste Amendments Act of 1984, the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Act, the Clean Water Act, the national Environmental Policy Act, the endangered species Act, the Fish and Wildlife Coordination Act, the National Historic Preservation Act, and the Oil Pollution Act of 1990, as such laws may be amended from time to time and all regulations, orders, rulings, directives, requirements and ordinances promulgated thereunder (collectively, "*Adverse Environmental Conditions*"), insofar as such Adverse Environmental Conditions relate to the ownership or operation of the Fee Acreage prior to the Closing.

Grantor intends to convey, and does hereby convey, to Grantee, its successors and assigns, all Fee Acreage described on Exhibit A attached hereto.

Grantor hereby agrees to execute and deliver to Grantee any and all other or further instruments as may reasonably be required to vest Grantee with record title to the Fee Acreage.

Executed this 11th day of June, 2012 (the "Closing"), but
effective for all purposes as of July 1, 2011 (the "Effective Date").
2012 *gds*

GRANTOR:

RUSTLERS HILLS II, LTD.

BY: *John Dean Brantley Jr.*
ITS: *Partner*

RUSTLERS HILLS II, LTD.

BY: *[Signature]*
ITS: *PARTNER*

GRANTEE:

NUEVO MIDSTREAM, LLC

BY: _____

Ry Zylatos

ITS: _____

Vice President

Addresses of Grantor and Grantee:

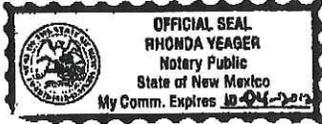
Rustlers Hills II, Ltd.
706 W. Riverside
Carlsbad, NM 88220

Nuevo Midstream, LLC
1331 Lamar, Suite 1400
Houston, Texas 77010

STATE OF NM
COUNTY OF Eddy

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named John Dwyer Brantley as partner of RUSTLERS HILLS II, LTD., a Texas corporation, who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of the aforesaid limited liability company after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 11
day of June, 2012.



My Commission Expires:

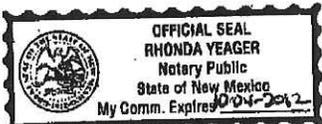
10-04-2012

Rhonda Yeager
NOTARY PUBLIC

STATE OF NM
COUNTY OF Eddy

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named George Brantley as partner of RUSTLERS HILLS II, LTD., a Texas corporation, who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of the aforesaid limited liability company after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 11
day of June, 2012.



My Commission Expires:

10-04-2012

Rhonda Yeager
NOTARY PUBLIC

STATE OF TEXAS
COUNTY OF HARRIS

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named RANDY ZUBARTH, as VICE PRESIDENT of NUEVO MIDSTREAM, LLC., a Delaware limited liability company who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of NUEVO MIDSTREAM, LLC after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 14th
day of JUNE, 2011.



[Handwritten Signature]
NOTARY PUBLIC

My Commission Expires:

8/17/2015

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nuevo
MIDSTREAM

EXHIBIT "A"

SECTION 36, BLOCK 58, T-1, T. & P. RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY FLAT



SCALE 1" = 1000'
0 500 1000'

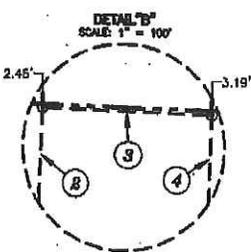
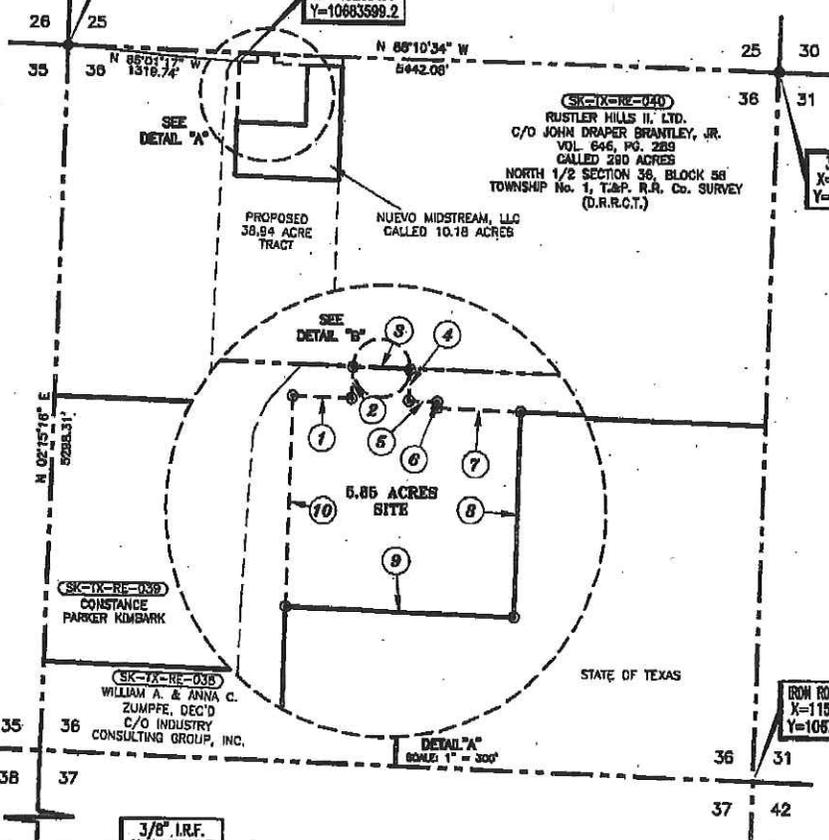
1/2" C.I.R.F.
WTC
X=1150689.6
Y=10683713.6

P.O.B.
X=1152004.4
Y=10683599.2

3/8" I.R.F.
X=1156129.0
Y=10663540.6

IRON ROD FOUND
X=1155829.6
Y=10678239.6

3/8" I.R.F.
X=1149846.3
Y=10657210.5



LEGEND

- SURVEY/SECTION LINE
- - - TRACT BORDER
- X- FENCE LINE
- X- EXISTING PIPELINE
- IRON PIPE FOUND
- CAPPED IRON ROD FOUND (C.I.R.F.)
- ⊙ IRON ROD SET

LINE TABLE

LINE NO.	BEARING	DISTANCE	COORDINATE
1	N 88°01'17\"	1516.74'	
2	N 88°10'34\"	5442.06'	
3	N 02°15'16\"	5282.51'	
4	N 88°01'17\"	1516.74'	
5	N 88°10'34\"	5442.06'	
6	N 02°15'16\"	5282.51'	
7	N 88°01'17\"	1516.74'	
8	N 88°10'34\"	5442.06'	
9	N 02°15'16\"	5282.51'	
10	N 88°01'17\"	1516.74'	
11	N 88°10'34\"	5442.06'	
12	N 02°15'16\"	5282.51'	
13	N 88°01'17\"	1516.74'	
14	N 88°10'34\"	5442.06'	
15	N 02°15'16\"	5282.51'	
16	N 88°01'17\"	1516.74'	
17	N 88°10'34\"	5442.06'	
18	N 02°15'16\"	5282.51'	
19	N 88°01'17\"	1516.74'	
20	N 88°10'34\"	5442.06'	
21	N 02°15'16\"	5282.51'	
22	N 88°01'17\"	1516.74'	
23	N 88°10'34\"	5442.06'	
24	N 02°15'16\"	5282.51'	
25	N 88°01'17\"	1516.74'	
26	N 88°10'34\"	5442.06'	
27	N 02°15'16\"	5282.51'	
28	N 88°01'17\"	1516.74'	
29	N 88°10'34\"	5442.06'	
30	N 02°15'16\"	5282.51'	
31	N 88°01'17\"	1516.74'	
32	N 88°10'34\"	5442.06'	
33	N 02°15'16\"	5282.51'	
34	N 88°01'17\"	1516.74'	
35	N 88°10'34\"	5442.06'	
36	N 02°15'16\"	5282.51'	
37	N 88°01'17\"	1516.74'	
38	N 88°10'34\"	5442.06'	
39	N 02°15'16\"	5282.51'	
40	N 88°01'17\"	1516.74'	
41	N 88°10'34\"	5442.06'	
42	N 02°15'16\"	5282.51'	
43	N 88°01'17\"	1516.74'	
44	N 88°10'34\"	5442.06'	
45	N 02°15'16\"	5282.51'	
46	N 88°01'17\"	1516.74'	
47	N 88°10'34\"	5442.06'	
48	N 02°15'16\"	5282.51'	
49	N 88°01'17\"	1516.74'	
50	N 88°10'34\"	5442.06'	
51	N 02°15'16\"	5282.51'	
52	N 88°01'17\"	1516.74'	
53	N 88°10'34\"	5442.06'	
54	N 02°15'16\"	5282.51'	
55	N 88°01'17\"	1516.74'	
56	N 88°10'34\"	5442.06'	
57	N 02°15'16\"	5282.51'	
58	N 88°01'17\"	1516.74'	
59	N 88°10'34\"	5442.06'	
60	N 02°15'16\"	5282.51'	

1. ORIGINAL DOCUMENT SIZE: 14" X 8.5"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET, NORTH AMERICAN DATUM 1983
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
5. E.O.L./P.O.E. = END OF LINE/POINT OF EXIT
6. (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

TOPOGRAPHIC

SURVEYING • MAPPING • GIS • GPS
1400 EVERMAN PARKWAY, SUITE 197 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX: (817) 744-7548
2225 PERRYTON PARKWAY • FARMER, TEXAS 79005
TELEPHONE: (806) 885-7218 • FAX: (806) 885-7210
2803 NORTH EGG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1663 • FAX: (432) 682-1743
WWW.TOPOGRAPHIC.COM

CAPITAN	REVISION:
	J.E.B. 5/11/12
DATE: 05/08/2012	
FILE: BO_TX_RE_040_2	
DRAWN BY: J.E.B.	
SHEET: 1 OF 2	

nuevo
MIDSTREAM

EXHIBIT "A"
REEVES COUNTY, TEXAS
5.85 ACRE SURVEY DESCRIPTION

MAY 11, 2012
Sheet 2 of 2

Being 5.85 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 290 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follows:

BEGINNING at a set 1/2-inch iron rod with cap marked Topographic ("set iron rod") for the Northwest corner of this tract, from which a found 1/2 inch iron rod with cap marked "WTC" for the common corner of Sections 36, 35, 25, and 26, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 85°01'17" West, a distance of 1,319.74 feet;

THENCE Easterly, along the North line of this 5.85 acre tract as follows:

South 88°10'37" East, a distance of 137.68 feet to a "set iron rod"; North 02°30'20" East, a distance of 70.18 feet to a "set iron rod"; South 87°50'51" East, a distance of 129.40 feet to a "set iron rod"; South 01°49'45" West, a distance of 69.65 feet to a "set iron rod"; South 87°56'09" East, a distance of 64.69 feet to a "set iron rod"; South 00°59'56" West, a distance of 13.02 feet to a "set iron rod";

THENCE South 87°51'33" East, a distance of 191.94 feet to a "set iron rod" for the common Northeast corner of this tract and the Northwest corner of a called 10.18 acre tract of land conveyed from Rustlers Hills II, LTD. to Nuevo Midstream, LLC;

THENCE South 01°57'51" West, along the West line of said called 10.18 acre tract, a distance of 460.51 feet to a "set iron rod" and North 87°49'21" West, a distance of 524.81 feet to a "set iron rod";

THENCE North 01°58'11" East, departing said common South line of this tract and North line of said called 10.18 acre tract, a distance of 471.84 feet the POINT OF BEGINNING, and END OF THIS DESCRIPTION, containing 5.85 acres of land.



Topographic Land Surveyors
1400 Everman Parkway
Suite 197
Fort Worth, TX 76140

Patrick A. Fox, R.P.L.S. No. 5089
May 11, 2012

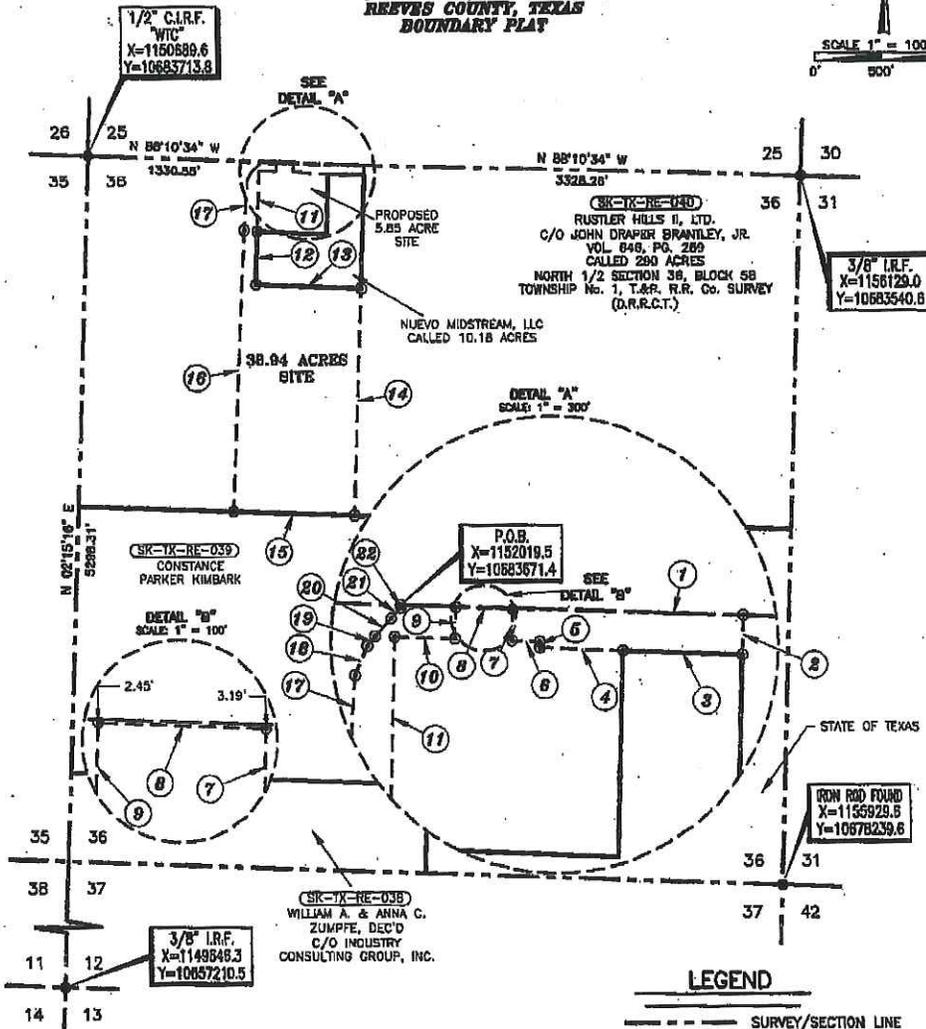
nuevo
MIDSTREAM

EXHIBIT "B"

SECTION 36, BLOCK 58, T-1, T, & P, RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY PLAT



SCALE 1" = 1000'
0' 500' 1000'



LINE TABLE

LINE	BEARING	DISTANCE
1	S 88°10'34" E	783.27'
2	S 01°58'51" W	88.17'
3	N 87°58'07" W	271.11'
4	N 67°31'33" W	181.94'
5	N 00°59'56" E	13.02'
6	N 87°58'08" W	84.89'
7	N 01°48'48" E	69.85'
8	N 67°50'51" W	129.40'
9	S 02°30'20" W	70.18'
10	N 88°10'37" W	137.68'
11	E 01°58'11" W	471.64'

LINE TABLE

LINE	BEARING	DISTANCE
12	S 02°01'21" W	369.89'
13	S 87°49'42" E	768.05'
14	S 02°18'20" W	1701.12'
15	N 88°08'30" W	821.02'
16	N 02°51'58" E	2112.11'
17	N 04°08'13" E	378.89'
18	N 25°47'42" E	71.93'
19	N 39°24'40" E	27.76'
20	N 43°22'53" E	64.11'
21	N 43°23'18" E	32.77'
22	N 09°00'00" W	7.62'

LEGEND

- SURVEY/SECTION LINE
- - - TRACT BORDER
- x - FENCE LINE
- - - EXISTING PIPELINE
- IRON PIPE FOUND
- CAPPED IRON ROD FOUND (G.I.R.F.)
- ⊙ IRON ROD SET

1. ORIGINAL DOCUMENT SIZE: 14" X 8.5"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET, NORTH AMERICAN DATUM 1983
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
5. E.O.L./P.O.E. = END OF LINE/POINT OF END
6. (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

TOPOGRAPHIC

SURVEYING • MAPPING • GIS • GPS
1400 EVERMAN PARKWAY, Ste. 107 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7312 • FAX: (817) 744-7848
2225 PERRYTON PARKWAY • PAMPA, TEXAS 76860
TELEPHONE: (800) 685-7218 • FAX: (800) 685-7210
2803 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 • FAX: (432) 682-1743
WWW.TOPOGRAPHIC.COM

CAPITAN	REVISION:
	J.E.B. 5/11/2012
DATE: 05/08/2012	
FILE: BO_TX_RE_040	
DRAWN BY: J.E.B.	
SHEET: 1 OF 2	

EXHIBIT "B"
REEVES COUNTY, TEXAS
38.94 ACRE SURVEY DESCRIPTION

May 11, 2012
Sheet 2 of 2

Being 38.94 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 260 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follow:

BEGINNING at a set 1/2 inch iron rod with cap marked Topographic ("set iron rod") in the common North line of Section 36, and South line of Section 25, Block 58, Township No. 1, T. & P. Railroad Company Survey for the Northwest corner of this tract, from which a found 1/2 inch capped iron rod with cap marked "WTC" for the common corner of Sections 36, 35, 26, and 25, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 88°10'34" West, a distance of 1,330.55 feet;

THENCE South 88°10'34" East, with said North line of Section 36 and South line of Section 25, a distance of 783.27 feet to a "set iron rod" for the Northeast corner of this tract;

THENCE South 88°10'34" East, departing the North line of Section 36, a distance of 783.27 feet to a "set iron rod" for the common corner of this tract and Northeast corner of a called 10.18 acre tract of land conveyed from Rustlers Hills II, LTD. to Nuevo Midstream, LLC;

THENCE Easterly, with the common North line of said 10.18 acre tract and South line of this tract, as follows:

South 01°58'51" West, a distance of 88.17 feet to a "set iron rod"; North 87°58'07" West, a distance of 271.11 feet to a "set iron rod"; North 87°51'33" West, a distance of 191.94 feet to a "set iron rod"; North 00°59'56" East, a distance of 13.02 feet to a "set iron rod"; North 87°56'09" West, a distance of 64.69 feet to a "set iron rod"; North 01°49'45" East, a distance of 69.65 feet to a "set iron rod"; North 87°50'31" West, a distance of 129.40 feet to a "set iron rod"; South 02°30'20" West, a distance of 70.18 feet to a "set iron rod"; North 88°10'37" West, a distance of 137.68 feet to a "set iron rod"; South 01°58'11" West, a distance of 471.84 feet to a "set iron rod"; South 02°01'21" West, a distance of 399.99 feet to a "set iron rod";

THENCE South 87°49'42" East, a distance of 796.08 feet to a "set iron rod" for common corner of this tract and the Southeast corner of said 10.18 acre tract of land;

THENCE South 02°18'20" West, a distance of 1701.12 feet to a "set iron rod" on the common South line of said North half (1/2) of Section 36 and North line the Southwest Quarter (1/4) of said Section 36;

THENCE North 88°08'30" West, along said common line, a distance of 921.02 feet to a "set iron rod" for the Southwest corner of this tract;

THENCE Northerly, departing said common South line of said North half (1/2) of Section 36, as follows:

North 02°51'58" East, a distance of 2112.11 feet to a "set iron rod"; North 04°06'13" East, a distance of 376.99 feet to a "set iron rod"; North 23°47'42" East, a distance of 71.93 feet to a "set iron rod"; North 39°24'40" East, a distance of 27.76 feet to a "set iron rod"; North 43°22'53" East, a distance of 54.11 feet to a "set iron rod"; North 43°23'18" East, a distance of 32.77 feet to a "set iron rod";

THENCE North 00°00'00" West, a distance of 7.62 feet to the POINT OF BEGINNING, and END OF THIS DESCRIPTION, containing 38.94 acres of land.

Topographic Land Surveyors
1400 Everman Parkway
Suite 197
Fort Worth, TX 76140



Patrick A. Fox, R.P.L.S. No. 5089
May 11, 2012

977/49

DEED STATE OF TEXAS

WARRANTY DEED

SOURCE DEED
RUSTLER HILLS to NUEVO MIDSTREAM
RAMSEY PLANT AQUISION
10.18 ACRES

STATE OF TEXAS

COUNTY OF Reeves

For and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, RUSTLERS HILLS II, LTD., a Texas corporation (hereinafter "Grantor"), does hereby grant, bargain, sell, convey and warrant unto NUEVO MIDSTREAM, LLC, a Delaware limited liability company (hereinafter "Grantee"), the lands in Reeves County, Texas, described in Exhibit "A" attached hereto and made a part hereof by this reference (hereinafter the "Fee Acreage").

TO HAVE AND TO HOLD the Fee Acreage in accordance with the terms and provisions hereof, together with all rights, privileges and appurtenances thereunto belonging, unto Grantee, its successors and assigns, forever. Grantor hereby conveys to Grantee, its successors and assigns, and fully subrogates them to, all rights and actions of warranty now held or hereafter acquired by Grantor against others in respect of the Fee Acreage or any portion thereof.

This conveyance is made expressly subject to each of the following:

1. Any and all prior exceptions and reservations of oil, gas and other minerals of record;
2. Any and all rights-of-way and easements of record affecting the Fee Acreage or any portion thereof;
3. Any and all applicable municipal or county zoning ordinances; and
4. Any and all applicable protective or restrictive covenants of record.

Ad valorem taxes and any other applicable taxes for 2011 shall be prorated between Grantor and Grantee at the closing of this transaction as of the effective date of this conveyance.

Grantor shall retain and be fully responsible and shall indemnify, hold harmless and defend Grantee, its owners, managers and members and their respective employees, officers, directors, attorneys, agents and representatives from and against all loss, liability, and claims (including without limitation, attorneys' fees and expenses, court costs and expert fees and expenses) and causes of action asserted after the Effective Date arising from: (i) Personal injury claims and third party property damage claims relating to the ownership and operation of the Properties prior to the Closing; or (ii) Any contamination or condition exceeding regulatory limits (now or in the future) and not otherwise permanently authorized by permit or law, resulting from any discharge, release, production, storage, treatment, seepage, escape, leakage, emission, emptying, leaching or any other activities on, in or from the Fee Acreage, or the migration or transportation from other lands to the Fee Acreage of any wastes, pollutants, contaminants, hazardous materials or other materials or substances subject to regulation relating to the protection of the environment under current or future federal, state or local laws or statutes, including, but not limited to, the Clean Air Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substance Control Act, the Hazardous and Solid Waste Amendments Act of 1984, the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Act, the Clean Water Act, the national Environmental Policy Act, the endangered species Act, the Fish and Wildlife Coordination Act, the National Historic Preservation Act, and the Oil Pollution Act of 1990, as such laws may be amended from time to time and all regulations, orders, rulings, directives, requirements and ordinances promulgated thereunder (collectively, "*Adverse Environmental Conditions*"), insofar as such Adverse Environmental Conditions relate to the ownership or operation of the Fee Acreage prior to the Closing.

Grantor intends to convey, and does hereby convey, to Grantee, its successors and assigns, all real property in Reeves County, Texas, owned in fee by Grantor and referenced in the Special Warranty Deed vested to Rustler Hills II, Ltd. from George E. Ramsey, III to Rustler Hills II Ltd., dated January 25, 2002, recorded in Volume 646, Page 289, official Public Records of Real Property, Reeves County, Texas, regardless of whether or not said property is described, or correctly described, in Exhibit "A".

Grantor hereby agrees to execute and deliver to Grantee any and all other or further instruments as may reasonably be required to vest Grantee with record title to the Fee Acreage.

Executed this 9th day of December, 2011 (the "Closing"), but effective for all purposes as of January 1, 2012 (the "Effective Date").
2012 QM

GRANTOR:

RUSTLERS HILLS II, LTD.

BY: John Dean Brantley

ITS: Partner

GRANTEE:

NUEVO MIDSTREAM, LLC

BY: Ry Zulaev

ITS: Vice President

Addresses of Grantor and Grantee:

Rustlers Hills II, Ltd.
706 W. Riverside
Carlsbad, NM 88220

Nuevo Midstream, LLC
1331 Lamar, Suite 1400
Houston, Texas 77010

STATE OF nm

COUNTY OF Eddy

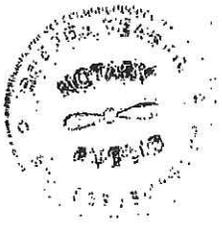
Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named Deper Brantley Jr., as partner of RUSTLERS HILLS II, LTD., a Texas corporation, who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of the aforesaid limited liability company after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 9 day of Dec., 2011.


NOTARY PUBLIC

My Commission Expires:

10-04-2012



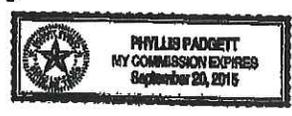
STATE OF Texas
COUNTY OF Dallas

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named Kandy Ziebarth as Vice President of NUEVO MIDSTREAM, LLC., a Delaware limited liability company who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of NUEVO MIDSTREAM, LLC after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 21st
day of December, 2011.

Phyllis Padgett
NOTARY PUBLIC

My Commission Expires:
9/20/2015



[THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY].

**EXHIBIT "A" TO WARRANTY DEED
FROM RUSTLERS HILLS II, LTD.
AS GRANTOR, TO NUEVO MIDSTREAM, LLC,
AS GRANTEE, DATED EFFECTIVE AS OF _____, 2011**

LEGAL DESCRIPTION OF THE FEE ACREAGE

A TRACT OF LAND LOCATED IN SECTION 36, BLOCK 58, TOWNSHIP 1, T&P
RR SURVEY, REEVES COUNTY, TEXAS AND BEING MORE PARTICULARLY
DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH LIES S.01°53'51"W., 535.5 FEET AND
S.87°47'23"E., 1317.5 FEET FROM THE NORTHWEST CORNER OF SAID
SECTION 36, THENCE S.87°49'22"E., 525.0 FEET; THENCE N.01°58'36"E., 460.9
FEET; THENCE S.87°51'17"E., 271.1 FEET; THENCE S.01°58'28"W., 861.1 FEET;
THENCE N.87°49'22"W., 796.2 FEET; THENCE N.01°59'10"E., 400.0 FEET TO
THE POINT OF BEGINNING. SAID TRACT OF LAND BEING 10.18 ACRES,
MORE OR LESS.

nuevo
MIDSTREAM

EXHIBIT "A"

SECTION 36, BLOCK 58, T-1, T, & P, RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY PLAT

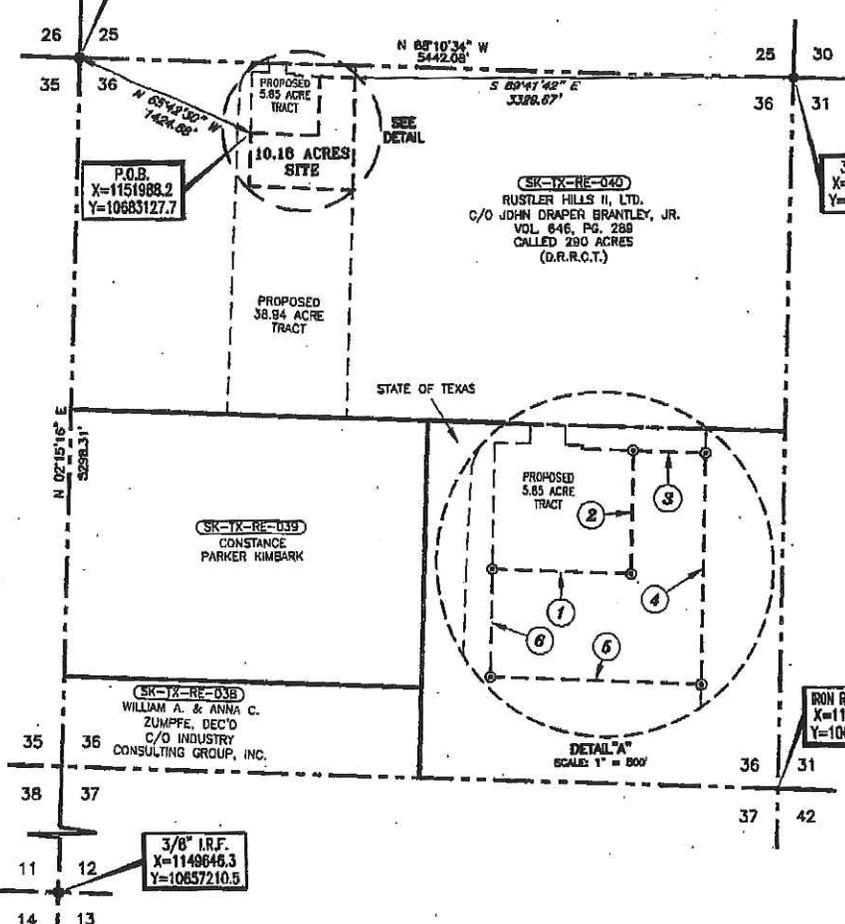


SCALE 1" = 1000'
0' 500' 1000'

1/2" C.I.R.F.
WTC
X=1150889.6
Y=10683713.8

P.O.B.
X=1151988.2
Y=10683127.7

3/8" I.R.F.
X=1158129.0
Y=10683540.6



LEGEND

LINE TABLE

LINE	BEARING	DISTANCE
1	S 87°30'05" E	824.72'
2	N 01°58'30" E	460.40'
3	S 87°58'58" E	271.11'
4	S 01°58'50" W	851.02'
5	N 87°48'42" W	796.08'
6	N 02°01'21" E	398.89'

- SURVEY/SECTION LINE
- - - TRACT BORDER
- X FENCE LINE
- - - EXISTING PIPELINE
- ⊙ IRON PIPE FOUND
- ⊙ CAPPED IRON ROD FOUND (C.I.R.F.)
- ⊙ IRON ROD SET

1. ORIGINAL DOCUMENT SIZE: 14" X 8.5"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET, NORTH AMERICAN DATUM 1983
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM, ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
5. E.O.L./P.O.E. = END OF LINE/POINT OF EXIT
6. (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS



MICHAEL BLAKE BROWN, R.P.L.S. No. 5857
DECEMBER 6, 2012

TOPOGRAPHIC

SURVEYING • MAPPING • GIS • GPS
1400 EVERMAN PARKWAY, Ste. 107 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX (817) 744-7848
2225 PERRYTON PARKWAY • PAMPA, TEXAS 79065
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2803 NORTH 80 SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 • FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

CAPITAN	REVISION:		
	J.E.B.	6/11/12	
	S.C.	12/06/12	
DATE:	05/11/2012		
FILE:	BO_TX_RE_040_4		
DRAWN BY:	J.E.B.		
SHEET :	7 OF 8		

EXHIBIT "A"
REEVES COUNTY, TEXAS
10.18 ACRE SURVEY DESCRIPTION

DECEMBER 6, 2012
Sheet 8 of 8

Being 10.18 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 290 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follows:

BEGINNING at a set 1/2-inch iron rod with cap marked Topographic ("set iron rod") for the Northwest corner of this tract, from which a found 1/2 inch iron rod with cap marked "WTC" for the common corner of Sections 36,35,25, and 26, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 65°42'30" West, a distance of 1,424.68 feet;

THENCE Easterly, across said 290 acre tract as follows:

South 87°50'06" East, a distance of 524.72 feet to a "set iron rod"; North 01°58'30" East, a distance of 460.40 feet to a "set iron rod";

THENCE South 87°56'58" East, a distance of 271.11 feet to a "set iron rod" from which a found 3/8 inch iron rod for the common corner of Sections 25 and 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, Sections 30 and 31, Block 57, Township No. 1, T. & P. Railroad Company Survey bears: South 89°41'42" East, a distance of 3,329.67 feet;

THENCE continuing across said 290 acre tract as follows:

South 01°58'50" West, a distance of 861.02 feet to a "set iron rod"; North 87°49'42" West, a distance of 796.08 feet to a "set iron rod";

THENCE North 02°01'21" East, a distance of 399.99 feet the **POINT OF BEGINNING**, and **END OF THIS DESCRIPTION**, containing 10.18 acres of land.



[Handwritten Signature]

MICHAEL BLAKE BROWN, R.P.L.S. No. 5857
DECEMBER 6, 2012

Topographic Land Surveyors
1400 Everman Parkway
Suite 197
Fort Worth, TX 76140

REEVES COUNTY

APPRAISAL DISTRICT

[Home](#) [Return to Search](#)  [Print](#)

Property Year 2012 · [Tax Summary](#)

Information Updated 6/6/2013

Property ID: R000011781 Geo ID: 01860-00240-00000-000000

< Previous Property 6 / 8 Next Property >

Property Details

Ownership

Available Actions

RUSTLER HILLS II LTD
 %JOHN DRAPER BRANTLEY, JR.
 P.O. BOX 72
 ORLA, TX 79770-0072
 Ownership Interest: 1.0000000

Qualified Exemptions

Not Applicable

Legal Information

Legal: Acres: 290.000, Blk: 58-1, Tract: 36, AB 2608 BLK 58-1 SEC 36T&P N/2

Situs: Not Applicable

Property Valuation History

Values by Year		2012	2011	2010	2009	2008	n/a
Improvements	+	\$0	\$0	\$0	\$0	\$0	\$0
Land	+	\$0	\$0	\$0	\$0	\$0	\$0
Production Market	+	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500	\$0
Personal	+	\$0	\$0	\$0	\$0	\$0	\$0
Mineral	+	\$0	\$0	\$0	\$0	\$0	\$0
Total Market	=	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500	\$0
Agricultural Loss	-	\$13,340	\$13,310	\$13,310	\$13,310	\$13,310	\$0
Homestead Cap Loss	-	\$0	\$0	\$0	\$0	\$0	\$0
Total Assessed	=	\$1,160	\$1,190	\$1,190	\$1,190	\$1,190	\$0

Improvement / Buildings Improvement Value: \$0

Group Sequence	Code	Building Description	Year Built	Square Footage	Perimeter Footage
----------------	------	----------------------	------------	----------------	-------------------

Land Details Market Value: \$0 Production Market Value: \$14,500 Production Value: \$1,160

Land Code	Acres	Sq. Ft.	Front Ft.	Rear Ft.	Depth	Mkt. Value	Prd. Value
RG3	290.000	12,832,400	0	0		14,500	1,160

Deed History

Sold By	Volume	Page	Deed Date Instrument
RUSTLER HILLS II LTD	646	289	n/a

Property Tax Estimation by Entity / Jurisdiction

Code	Description	Taxable Value	Tax Rate per \$100	Tax Factor applied to Taxable Value	Estimated Tax
30	P-B-T I.S.D	1,160	\$1.154	0.01154	\$13.39
65	REEVES CO HOSP DIST	1,160	\$0.350525	0.00350525	\$4.07
Total Estimation			\$1.604625	0.01604625	\$17.46

The above property tax estimation is not a tax bill. Do not pay.
 Click here to view actual Property Tax Bill.

Southwest Data Solutions provides this information "as is" without warranty of any kind.
 Southwest Data Solutions is not responsible for any errors or omissions.

Attachment

K

Detailed Map Showing Location of Land

Qualified Investment/Property Vicinity Map

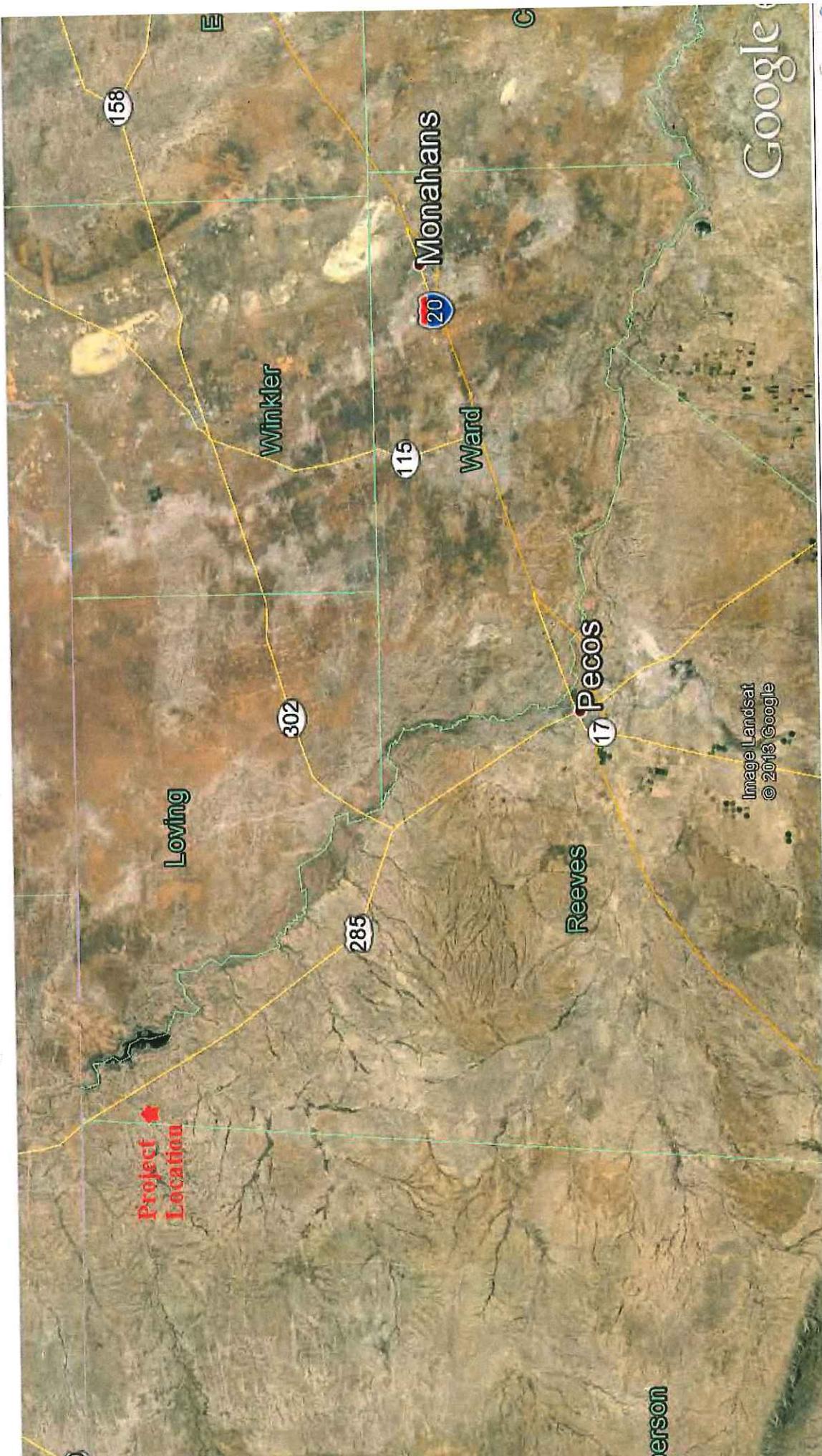


Image Landsat
© 2013 Google

Attachment

L

Description of Existing Improvements

No Existing Improvements

The project is being built on vacant land. There are adjacent facilities owned by applicant that are no part of this application. The appraisal account information for the existing Plant I and II on the adjacent parcel of land has been provided by the applicant on the following pages.

DATE: 8/02/2013
TIME: 11:31:05

INVENTORY DETAIL APPRAISAL

JOB#: 519500

MXLT08DC

JOB NAME: REEVES COUNTY APPR DISTRICT
OWNER#...: 709269 AGENT#...: 40

RAMSEY GAS PROCESSING PLANT
NUEVO MIDSTREAM LLC
1331 LAMAR ST STE 1450
HOUSTON TX 77010-3122

CONTACT:

SEQ/YEAR...: 5 2013	PLANT #1	HIST VALUE.: 0
TYPE/DEPT...: REAL I	ORLA TX	QUANTITY...: 1.0000
JUR CODES...: 00-01-30-65	SEC 36 BLK 58 TS 1	UNIT VALUE.: 6,555,470.00
SPTB/INDCD.: F2	T & P RR SURVEY	TREND FCTOR: 1.0000
	HWY 285-7 MILE NORTH ORLA	PCT GOOD...: 1.0000
	WEST 1.5 MILES CR 452	SER FACT...: 1.0000
		VALUE...: 6,555,470
SEQ/YEAR...: 10 2013	PLANT #2 JT	HIST VALUE.: 0
TYPE/DEPT...: REAL I	ORLA TX	QUANTITY...: 1.0000
JUR CODES...: 00-01-30-65		UNIT VALUE.: 15,810,250.00
SPTB/INDCD.: F2		TREND FCTOR: 1.0000
		PCT GOOD...: 1.0000
		SER FACT...: 1.0000
		VALUE...: 15,810,250
SEQ/YEAR...: 15 2013	PLANT #2	HIST VALUE.: 0
TYPE/DEPT...: REAL I	CWIP 2013	QUANTITY...: 1.0000
JUR CODES...: 00-01-30-65	ORLA TX	UNIT VALUE.: 24,500,000.00
SPTB/INDCD.: F2		TREND FCTOR: 1.0000
		PCT GOOD...: 1.0000
		SER FACT...: 1.0000
		VALUE...: 24,500,000

TOTAL NET VALUE: 46,865,720

DATE: 8/02/2013
 TIME: 11:31:05

INVENTORY DETAIL APPRAISAL

JOB#: 519500

*
 PAGE 2
 MXLF08DC

JOB NAME: REEVES COUNTY APPR DISTRICT
 OWNER#: 709269 AGENT#: 40

RAMSEY GAS PROCESSING PLANT
 NUEVO MIDSTREAM LLC
 1331 LAMAR ST STE 1450
 HOUSTON TX 77010-3122

JURISDICTION TOTALS

JUR	JUR NAME	ITEMS	HIST VALUE	VALUE LESS FREEPORT
00	REEVES COUNTY APPR DISTRICT	3	0	46,865,720
01	REEVES COUNTY	3	0	46,865,720
30	PECOS-BARSTOW-TOYAH I.S.D.	3	0	46,865,720
65	REEVES CO HOSPITAL DISTRICT	3	0	46,865,720

JURISDICTION TOTALS (CON'T)

JUR	LESS ABATEMNT	LESS PROTEST	LESS EXEMPT	LESS TCEQ	TOTAL NET VALUE
00	0	0	0	0	46,865,720
01	0	0	0	0	46,865,720
30	0	0	0	0	46,865,720
65	0	0	0	0	46,865,720

SPTB TOTALS

CODE	ITEMS	HIST VALUE	VALUE LESS FREEPORT	LESS ABATEMNT	LESS PROTEST	LESS EXEMPT
F2	3	0	46,865,720	0	0	0
	3	0	46,865,720	0	0	0

SPTB TOTALS (CON'T)

CODE	LESS TCEQ	TOTAL NET VALUE	TOTAL QUANTITY'S
F2	0	46,865,720	3.0000
	0	46,865,720	3.0000

Attachment

M

Request for Waiver of Job Creation Requirement

N/A

Attachment

N

Calculation of Wage Requirements

Calculation of Wage Information - Based on Most Recent Data Available

110% of County Average Weekly Wage for all Jobs

2013	1Q	\$	616
2012	2Q	\$	639
2012	3Q	\$	627
2012	4Q	\$	727

$$\begin{aligned} & \$ 2,609 /4 = & \$ & 652 \text{ average weekly salary} \\ & & & \underline{\times 1.1 (110\%)} \\ & & & \$ 717.48 \end{aligned}$$

110% of County Average Weekly Wage for Manufacturing Jobs in County

2013	1Q	\$	309
2012	2Q	\$	297
2012	3Q	\$	270
2012	4Q	\$	322

$$\begin{aligned} & \$ 1,198 /4 = & \$ & 300 \text{ average weekly salary} \\ & & & \underline{\times 1.1 (110\%)} \\ & & & \$ 329.45 \end{aligned}$$

110% of County Average Weekly Wage for Manufacturing Jobs in Region

\$21.93 per hour

X 40 hr per week

\$877 average weekly salary

X1.10 (110%)

\$964.92

X 52 weeks

\$50,175.84

Quarterly Employment and Wages (QCEW)

[Back](#)

D.PERIODYEAR

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$309
2012	1st Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$331
2012	2nd Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$297
2012	3rd Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$270
2012	4th Qtr	Reeves County	Private	31	2	31-33	Manufacturing	\$322

Quarterly Employment and Wages (QCEW)

[Back](#)

D.PERIODYEAR

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$616
2012	1st Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$644
2012	2nd Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$639
2012	3rd Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$627
2012	4th Qtr	Reeves County	Private	00	0	10	Total, All Industries	\$727

**2012 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$23.56	\$48,996
<u>1. Panhandle Regional Planning Commission</u>	\$20.12	\$41,850
<u>2. South Plains Association of Governments</u>	\$16.18	\$33,662
<u>3. NORTEX Regional Planning Commission</u>	\$17.83	\$37,076
<u>4. North Central Texas Council of Governments</u>	\$24.68	\$51,333
<u>5. Ark-Tex Council of Governments</u>	\$16.84	\$35,032
<u>6. East Texas Council of Governments</u>	\$19.61	\$40,797
<u>7. West Central Texas Council of Governments</u>	\$18.24	\$37,941
<u>8. Rio Grande Council of Governments</u>	\$16.17	\$33,631
<u>9. Permian Basin Regional Planning Commission</u>	\$21.93	\$45,624
<u>10. Concho Valley Council of Governments</u>	\$16.33	\$33,956
<u>11. Heart of Texas Council of Governments</u>	\$19.07	\$39,670
<u>12. Capital Area Council of Governments</u>	\$26.03	\$54,146
<u>13. Brazos Valley Council of Governments</u>	\$16.55	\$34,424
<u>14. Deep East Texas Council of Governments</u>	\$16.20	\$33,698
<u>15. South East Texas Regional Planning Commission</u>	\$29.38	\$61,118
<u>16. Houston-Galveston Area Council</u>	\$26.59	\$55,317
<u>17. Golden Crescent Regional Planning Commission</u>	\$21.03	\$43,742
<u>18. Alamo Area Council of Governments</u>	\$18.40	\$38,280
<u>19. South Texas Development Council</u>	\$13.54	\$28,170
<u>20. Coastal Bend Council of Governments</u>	\$22.97	\$47,786
<u>21. Lower Rio Grande Valley Development Council</u>	\$16.33	\$33,961
<u>22. Texoma Council of Governments</u>	\$22.57	\$46,949
<u>23. Central Texas Council of Governments</u>	\$17.16	\$35,689
<u>24. Middle Rio Grande Development Council</u>	\$18.93	\$39,380

Source: Texas Occupational Employment and Wages

Data published: July 2013

Data published annually, next update will be July 31, 2014

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.

Attachment

O

Description of Benefits

Nuevo Midstream, LLC offers:

Medical Plan & Prescription Drug Coverage

Vision Coverage

Dental Coverage

Flexible Spending Accounts

Life Insurance Coverage

Disability Coverage

401(k) Profit Sharing Plan

Attachment

P

Economic Impact

N/A

Attachment

Q

Schedule A

Schedule A (Rev. May 2010): Investment

Form 50-286

Applicant Name: Nuevo Midstream, LLC
 ISD Name: Pecos-Barstow-Toyah ISD

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment) Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property) Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property) Complete tax years of qualifying time period Value Limitation Period Continue to Maintain Viable Presence Post-Settle-Up Period Post-Settle-Up Period	1	2014-2015	\$ 25,000,000.00				\$ 25,000,000.00
	2	2015-2016					
	3	2016-2017					
	4	2017-2018					
	5	2018-2019					
	6	2019-2020					
	7	2020-2021					
	8	2021-2022					
	9	2022-2023					
	10	2023-2024					
	11	2024-2025					
	12	2025-2026					
	13	2026-2027					
	14	2027-2028					
	15	2028-2029					
			\$ 44,268,003.00	\$ 731,997	\$ 45,000,000.00		\$ 45,000,000.00

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.
 Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §13.02(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.
 Column B: Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §13.02(1)(E).
 Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.
 Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.
 Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Signature:  DATE: 8/28/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Attachment

R

Schedule B

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Form 50-296

Applicant Name: Nuevo Midstream, LLC
 ISD Name: Pecos-Barstow-Toyah ISD

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	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 building or in or on the new improvement		Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions
pre-year 1	2013-2014	2013						
1	2014-2015	2014		\$ 15,000,000	\$ -	\$ -	\$ 15,000,000	\$ 15,000,000
2	2015-2016	2015		\$ 731,997	\$ -	\$ -	\$ 60,000,000	\$ 60,000,000
3	2016-2017	2016		\$ 702,717	\$ -	\$ -	\$ 57,600,000	\$ 20,000,000
4	2017-2018	2017		\$ 667,581	\$ -	\$ -	\$ 54,720,000	\$ 20,000,000
5	2018-2019	2018		\$ 634,202	\$ -	\$ -	\$ 51,984,000	\$ 20,000,000
6	2019-2020	2019		\$ 602,492	\$ -	\$ -	\$ 49,384,800	\$ 20,000,000
7	2020-2021	2020		\$ 572,367	\$ -	\$ -	\$ 46,915,560	\$ 20,000,000
8	2021-2022	2021		\$ 543,749	\$ -	\$ -	\$ 44,569,782	\$ 20,000,000
9	2022-2023	2022		\$ 516,562	\$ -	\$ -	\$ 42,341,293	\$ 20,000,000
10	2023-2024	2023		\$ 490,734	\$ -	\$ -	\$ 40,224,228	\$ 20,000,000
11	2024-2025	2024		\$ 466,197	\$ -	\$ -	\$ 38,213,017	\$ 38,213,017
12	2025-2026	2025		\$ 442,887	\$ -	\$ -	\$ 36,302,366	\$ 36,302,366
13	2026-2027	2026		\$ 420,743	\$ -	\$ -	\$ 34,487,248	\$ 34,487,248
14	2027-2028	2027		\$ 399,706	\$ -	\$ -	\$ 32,762,885	\$ 32,762,885
15	2028-2029	2028		\$ 379,720	\$ -	\$ -	\$ 31,124,741	\$ 31,124,741

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

5/28/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Attachment

S

Schedule C

Schedule C- Application: Employment Information

Applicant Name **Nuevo Midstream, LLC**
 ISD Name **Pecos-Barslow-Toyah ISD**

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTEs or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2013-2014	2013	75 FTE	\$ 50,176	0	\$ -	0	\$ -
	1	2014-2015	2014	75 FTE	\$ 50,176	10	\$ 50,176	8	\$ 50,176.00
	2	2015-2016	2015			10	\$ 50,176	8	\$ 50,176.00
	3	2016-2017	2016			10	\$ 50,176	8	\$ 50,176.00
	4	2017-2018	2017			10	\$ 50,176	8	\$ 50,176.00
	5	2018-2019	2018			10	\$ 50,176	8	\$ 50,176.00
	6	2019-2020	2019			10	\$ 50,176	8	\$ 50,176.00
	7	2020-2021	2020			10	\$ 50,176	8	\$ 50,176.00
	8	2021-2022	2021			10	\$ 50,176	8	\$ 50,176.00
	9	2022-2023	2022			10	\$ 50,176	8	\$ 50,176.00
	10	2023-2024	2023			10	\$ 50,176	8	\$ 50,176.00
	11	2024-2025	2024			10	\$ 50,176	8	\$ 50,176.00
	12	2025-2026	2025			10	\$ 50,176	8	\$ 50,176.00
	13	2026-2027	2026			10	\$ 50,176	8	\$ 50,176.00
	14	2027-2028	2027			10	\$ 50,176	8	\$ 50,176.00
	15	2028-2029	2028			10	\$ 50,176	8	\$ 50,176.00
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period								
Credit Settle-Up Period	Value Limitation Period								
Post-Settle-Up Period	Continue to Maintain Viable Presence								
Post-Settle-Up Period									

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

8/28/23

Attachment

T

Schedule D

Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name **Nuevo Midstream, LLC**

ISD Name **Pecos-Barstow-Toyah ISD**

Form 50-296

				Sales Tax Information		Other Property Tax Abatements Sought					
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Franchise Tax	County	City	Hospital	Other	
	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY			Column H: Estimate of Franchise tax due from (or attributable to) the applicant					
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2013-2014	2013		\$ 25,000,000.00						
	Complete tax years of qualifying time period	1	2014-2015	2014	\$ 1,350,655	\$ 43,649,345	\$ -	20			
		2	2015-2016	2015	\$ 1,800,873	\$ 2,429,485	\$ -	20			
		3	2016-2017	2016	\$ 1,800,873	\$ 2,387,353	\$ -	20			
		4	2017-2018	2017	\$ 1,800,873	\$ 2,691,140	\$ -	20			
		5	2018-2019	2018	\$ 1,800,873	\$ 1,979,872	\$ 129,328	20			
		6	2019-2020	2019	\$ 1,800,873	\$ 1,964,067	\$ 283,472				
		7	2020-2021	2020	\$ 1,800,873	\$ 1,948,263	\$ 354,087				
		8	2021-2022	2021	\$ 1,800,873	\$ 1,932,458	\$ 490,173				
		9	2022-2023	2022	\$ 1,800,873	\$ 1,916,654	\$ 492,092				
		10	2023-2024	2023	\$ 1,800,873	\$ 1,900,849	\$ 490,694				
	Tax Credit Period (with 50% cap on credit)	11	2024-2025	2024	\$ 1,800,873	\$ 1,885,045	\$ 490,258				
		12	2025-2026	2025	\$ 1,800,873	\$ 1,773,612	\$ 480,744				
		13	2026-2027	2026	\$ 1,800,873	\$ 1,773,612	\$ 462,749				
	Credit Settle-Up Period	14	2027-2028	2027	\$ 1,800,873	\$ 1,773,612	\$ 447,129				
15		2028-2029	2028	\$ 1,800,873	\$ 1,773,612	\$ 447,129					
Post-Settle-Up Period											

*For planning, construction and operation of the facility

8/28/13

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Attachment

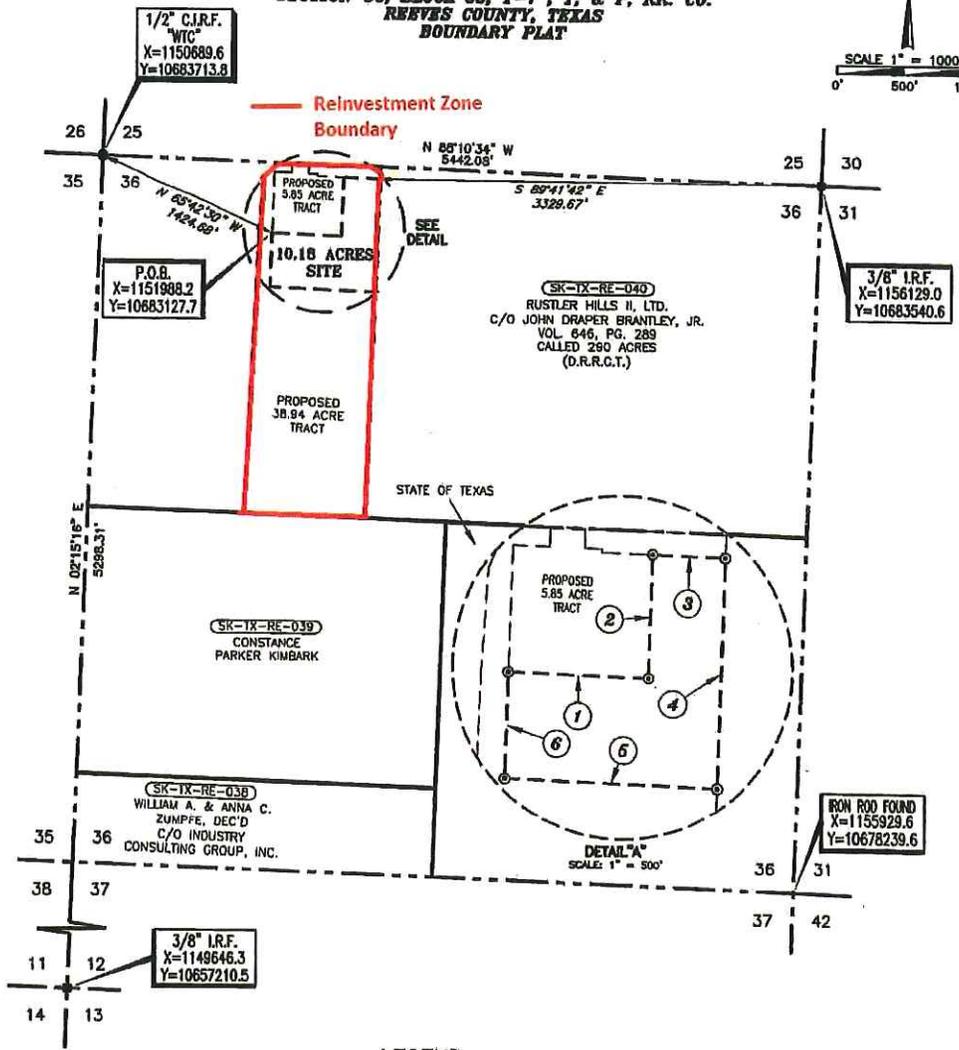
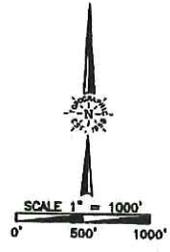
U

Map of Reinvestment Zone

nuevo
MIDSTREAM

EXHIBIT "A"

SECTION 36, BLOCK 58, T-1, T, & P, RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY PLAT



LEGEND

LINE	BEARING	DISTANCE
1	S 87°50'08" E	524.72'
2	N 01°58'30" E	460.40'
3	S 87°56'58" E	271.11'
4	S 01°58'50" W	861.02'
5	N 87°48'42" W	796.08'
6	N 02°01'21" E	399.99'

- SURVEY/SECTION LINE
- - - TRACT BORDER
- x FENCE LINE
- - - EXISTING PIPELINE
- ⊙ IRON PIPE FOUND
- ⊙ CAPPED IRON ROD FOUND (C.I.R.F.)
- ⊙ IRON ROD SET

1. ORIGINAL DOCUMENT SIZE: 14" x 8.5"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET, NORTH AMERICAN DATUM 1983
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
5. E.O.L./P.O.E. = END OF LINE/POINT OF EXIT
6. (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS

CAPITAN	REVISION:	
	J.E.B.	6/11/12
	S.C.	12/06/12
DATE:	05/11/2012	
FILE:	BO_TX_RE_040_4	
DRAWN BY:	J.E.B.	
SHEET :	7 OF 8	



MICHAEL BLAKE BROWN, R.P.L.S. No. 5857
DECEMBER 6, 2012

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1400 EVERMAN PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX (817) 744-7548
2225 PERRYTON PARKWAY • PAMPA, TEXAS 79065
TELEPHONE: (806) 685-7218 • FAX (806) 685-7210
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 • FAX (432) 682-1743
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977/49

DEED STATE OF TEXAS

WARRANTY DEED

SOURCE DEED
RUSTLER HILLS to NUEVO MIDSTREAM
RAMSEY PLANT AQUISION
10.18 ACRES

STATE OF TEXAS

COUNTY OF REEVES

For and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, RUSTLERS HILLS II, LTD., a Texas corporation (hereinafter "Grantor"), does hereby grant, bargain, sell, convey and warrant unto NUEVO MIDSTREAM, LLC, a Delaware limited liability company (hereinafter "Grantee"), the lands in Reeves County, Texas, described in Exhibit "A" attached hereto and made a part hereof by this reference (hereinafter the "Fee Acreage").

TO HAVE AND TO HOLD the Fee Acreage in accordance with the terms and provisions hereof, together with all rights, privileges and appurtenances thereunto belonging, unto Grantee, its successors and assigns, forever. Grantor hereby conveys to Grantee, its successors and assigns, and fully subrogates them to, all rights and actions of warranty now held or hereafter acquired by Grantor against others in respect of the Fee Acreage or any portion thereof.

This conveyance is made expressly subject to each of the following:

- 1. Any and all prior exceptions and reservations of oil, gas and other minerals of record;
- 2. Any and all rights-of-way and easements of record affecting the Fee Acreage or any portion thereof;
- 3. Any and all applicable municipal or county zoning ordinances; and
- 4. Any and all applicable protective or restrictive covenants of record.

Ad valorem taxes and any other applicable taxes for 2011 shall be prorated between Grantor and Grantee at the closing of this transaction as of the effective date of this conveyance.

Grantor shall retain and be fully responsible and shall indemnify, hold harmless and defend Grantee, its owners, managers and members and their respective employees, officers, directors, attorneys, agents and representatives from and against all loss, liability, and claims (including without limitation, attorneys' fees and expenses, court costs and expert fees and expenses) and causes of action asserted after the Effective Date arising from: (i) Personal injury claims and third party property damage claims relating to the ownership and operation of the Properties prior to the Closing; or (ii) Any contamination or condition exceeding regulatory limits (now or in the future) and not otherwise permanently authorized by permit or law, resulting from any discharge, release, production, storage, treatment, seepage, escape, leakage, emission, emptying, leaching or any other activities on, in or from the Fee Acreage, or the migration or transportation from other lands to the Fee Acreage of any wastes, pollutants, contaminants, hazardous materials or other materials or substances subject to regulation relating to the protection of the environment under current or future federal, state or local laws or statutes, including, but not limited to, the Clean Air Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substance Control Act, the Hazardous and Solid Waste Amendments Act of 1984, the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Act, the Clean Water Act, the national Environmental Policy Act, the endangered species Act, the Fish and Wildlife Coordination Act, the National Historic Preservation Act, and the Oil Pollution Act of 1990, as such laws may be amended from time to time and all regulations, orders, rulings, directives, requirements and ordinances promulgated thereunder (collectively, "*Adverse Environmental Conditions*"), insofar as such Adverse Environmental Conditions relate to the ownership or operation of the Fee Acreage prior to the Closing.

Grantor intends to convey, and does hereby convey, to Grantee, its successors and assigns, all real property in Reeves County, Texas, owned in fee by Grantor and referenced in the Special Warranty Deed vested to Rustler Hills II, Ltd. from George E. Ramsey, III to Rustler Hills II Ltd., dated January 25, 2002, recorded in Volume 646, Page 289, official Public Records of Real Property, Reeves County, Texas, regardless of whether or not said property is described, or correctly described, in Exhibit "A".

Grantor hereby agrees to execute and deliver to Grantee any and all other or further instruments as may reasonably be required to vest Grantee with record title to the Fee Acreage.

Executed this 9th day of December, 2011 (the "Closing"), but
effective for all purposes as of January 1, 2012 (the "Effective Date").
2012 9M

GRANTOR:

RUSTLERS HILLS II, LTD.

BY: John Dean Brantley Jr

ITS: Partner

GRANTEE:

NUEVO MIDSTREAM, LLC

BY: RJ Zulawski

ITS: Vice President

Addresses of Grantor and Grantee:

Rustlers Hills II, Ltd.
706 W. Riverside
Carlsbad, NM 88220

Nuevo Midstream, LLC
1331 Lamar, Suite 1400
Houston, Texas 77010

STATE OF NM
COUNTY OF Eddy

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named Draper Brantley Jr. as partner of RUSTLERS HILLS II, LTD., a Texas corporation, who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of the aforesaid limited liability company after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 9
day of Dec., 2011.


NOTARY PUBLIC

My Commission Expires:
10-04-2012



STATE OF Texas
COUNTY OF Dallas

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named Kandy Zebarth as Vice President of NUEVO MIDSTREAM, LLC., a Delaware limited liability company who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of NUEVO MIDSTREAM, LLC after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 21st
day of December, 2011.

Phyllis Padgett
NOTARY PUBLIC

My Commission Expires:
9/20/2015



[THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY].

**EXHIBIT "A" TO WARRANTY DEED
FROM RUSTLERS HILLS II, LTD.
AS GRANTOR, TO NUEVO MIDSTREAM, LLC,
AS GRANTEE, DATED EFFECTIVE AS OF _____, 2011**

LEGAL DESCRIPTION OF THE FEE ACREAGE

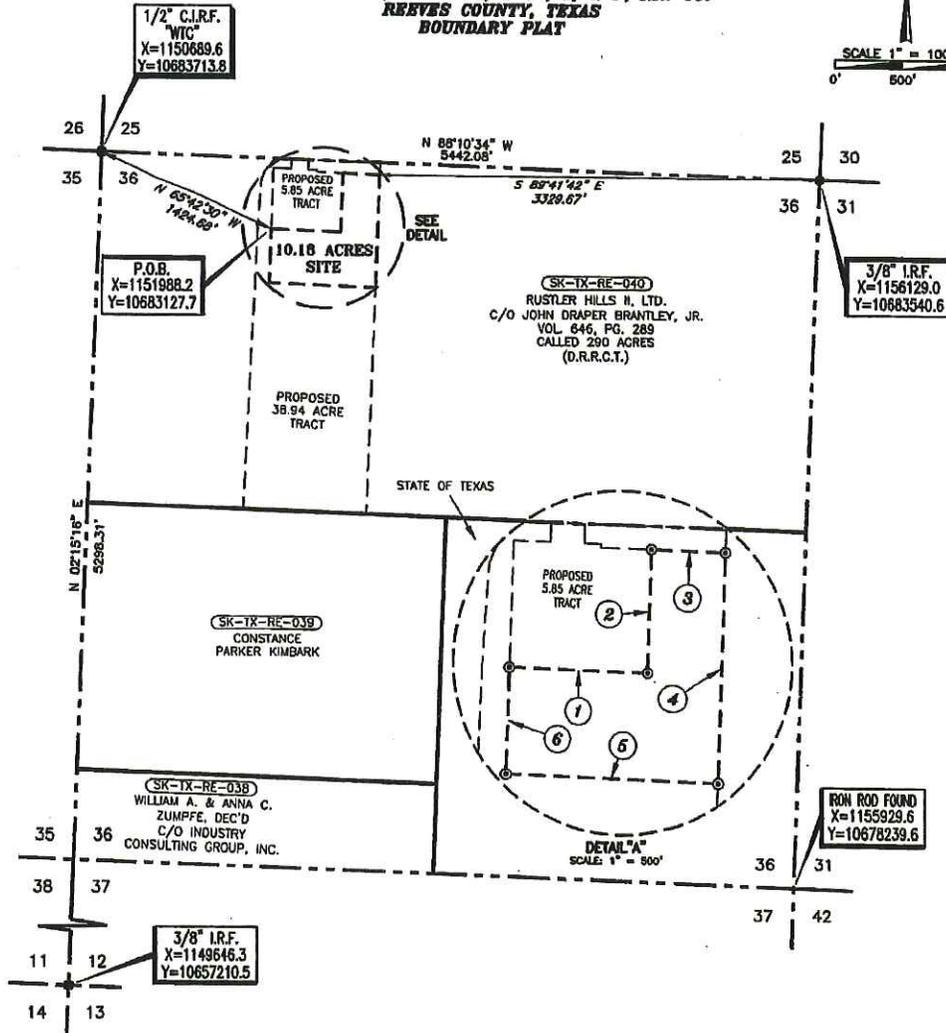
A TRACT OF LAND LOCATED IN SECTION 36, BLOCK 58, TOWNSHIP 1, T&P
RR SURVEY, REEVES COUNTY, TEXAS AND BEING MORE PARTICULARLY
DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH LIES S.01°53'51"W., 535.5 FEET AND
S.87°47'23"E., 1317.5 FEET FROM THE NORTHWEST CORNER OF SAID
SECTION 36, THENCE S.87°49'22"E., 525.0 FEET; THENCE N.01°58'36"E., 460.9
FEET; THENCE S.87°51'17"E., 271.1 FEET; THENCE S.01°58'28"W., 861.1 FEET;
THENCE N.87°49'22"W., 796.2 FEET; THENCE N.01°59'10"E., 400.0 FEET TO
THE POINT OF BEGINNING. SAID TRACT OF LAND BEING 10.18 ACRES,
MORE OR LESS.

nuevo
MIDSTREAM

EXHIBIT "A"

SECTION 36, BLOCK 68, T-1, T. & P, RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY PLAT



LEGEND

LINE TABLE

LINE	BEARING	DISTANCE
1	S 87°50'06" E	524.72'
2	N 01°58'30" E	460.40'
3	S 87°56'58" E	271.11'
4	S 01°58'50" W	861.02'
5	N 87°48'42" W	786.08'
6	N 02°01'21" E	389.99'

- SURVEY/SECTION LINE
- - - TRACT BORDER
- x - FENCE LINE
- - - EXISTING PIPELINE
- IRON PIPE FOUND
- ⊙ CAPPED IRON ROD FOUND (C.I.R.F.)
- ⊙ IRON ROD SET

1. ORIGINAL DOCUMENT SIZE: 14" X 8.5"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET, NORTH AMERICAN DATUM 1983
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
5. E.O.L./P.O.E. = END OF LINE/POINT OF EXIT
6. (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS



MICHAEL BLAKE BROWN, R.P.L.S. No. 5857
DECEMBER 6, 2012

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1400 EVERMAN PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140
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2225 PERRYTON PARKWAY • PAMPA, TEXAS 79065
TELEPHONE: (806) 665-7218 • FAX: (806) 665-7210
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 • FAX: (432) 682-1743
WWW.TOPOGRAPHIC.COM

CAPITAN	REVISION:	
	J.E.B.	6/11/12
	S.C.	12/06/12
DATE:	05/11/2012	
FILE:	BO_TX_RE_040_4	
DRAWN BY:	J.E.B.	
SHEET :	7 OF 8	

EXHIBIT "A"
REEVES COUNTY, TEXAS
10.18 ACRE SURVEY DESCRIPTION

DECEMBER 6, 2012
Sheet 8 of 8

Being 10.18 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 290 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follows:

BEGINNING at a set 1/2-inch iron rod with cap marked Topographic ("set iron rod") for the Northwest corner of this tract, from which a found 1/2 inch iron rod with cap marked "WTC" for the common corner of Sections 36,35,25, and 26, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 65°42'30" West, a distance of 1,424.68 feet;

THENCE Easterly, across said 290 acre tract as follows:

South 87°50'06" East, a distance of 524.72 feet to a "set iron rod"; North 01°58'30" East, a distance of 460.40 feet to a "set iron rod";

THENCE South 87°56'58" East, a distance of 271.11 feet to a "set iron rod" from which a found 3/8 inch iron rod for the common corner of Sections 25 and 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, Sections 30 and 31, Block 57, Township No. 1, T. & P. Railroad Company Survey bears: South 89°41'42" East, a distance of 3,329.67 feet;

THENCE continuing across said 290 acre tract as follows:

South 01°58'50" West, a distance of 861.02 feet to a "set iron rod"; North 87°49'42" West, a distance of 796.08 feet to a "set iron rod";

THENCE North 02°01'21" East, a distance of 399.99 feet the **POINT OF BEGINNING**, and **END OF THIS DESCRIPTION**, containing 10.18 acres of land.




MICHAEL BLAKE BROWN, R.P.L.S. No. 5857
DECEMBER 6, 2012

Topographic Land Surveyors
1400 Everman Parkway
Suite 197
Fort Worth, TX 76140

12-08678

977/57

DEED STATE OF TEXAS

WARRANTY DEED

STATE OF TEXAS
COUNTY OF Reeves

SOURCE DEED
RUSTLER HILLS to NUEVO MIDSTREAM
RAMSEY PLANT AQUISITION
5.85 & 38.94 ACRES

For and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, **RUSTLERS HILLS II, LTD.**, a Texas corporation (hereinafter "Grantor"), does hereby grant, bargain, sell, convey and warrant unto **NUEVO MIDSTREAM, LLC**, a Delaware limited liability company (hereinafter "Grantee"), the lands in Reeves County, Texas, described in Exhibit "A" and Exhibit "B" attached hereto and made a part hereof by this reference (hereinafter the "Fee Acreage").

TO HAVE AND TO HOLD the Fee Acreage in accordance with the terms and provisions hereof, together with all rights, privileges and appurtenances thereunto belonging, unto Grantee, its successors and assigns, forever. Grantor hereby conveys to Grantee, its successors and assigns, and fully subrogates them to, all rights and actions of warranty now held or hereafter acquired by Grantor against others in respect of the Fee Acreage or any portion thereof.

This conveyance is made expressly subject to each of the following:

1. Any and all prior exceptions and reservations of oil, gas and other minerals of record;
2. Any and all rights-of-way and easements of record affecting the Fee Acreage or any portion thereof;
3. Any and all applicable municipal or county zoning ordinances; and
4. Any and all applicable protective or restrictive covenants of record.

Ad valorem taxes and any other applicable taxes for 2011 shall be prorated between Grantor and Grantee at the closing of this transaction as of the effective date of this conveyance.

Grantor shall retain and be fully responsible and shall indemnify, hold harmless and defend Grantee, its owners, managers and members and their respective employees, officers, directors, attorneys, agents and representatives from and against all loss, liability, and claims (including without limitation, attorneys' fees and expenses, court costs and expert fees and expenses) and causes of action asserted after the Effective Date arising from: (i) Personal injury claims and third party property damage claims relating to the ownership and operation of the Properties prior to the Closing; or (ii) Any contamination or condition exceeding regulatory limits (now or in the future) and not otherwise permanently authorized by permit or law, resulting from any discharge, release, production, storage, treatment, seepage, escape, leakage, emission, emptying, leaching or any other activities on, in or from the Fee Acreage, or the migration or transportation from other lands to the Fee Acreage of any wastes, pollutants, contaminants, hazardous materials or other materials or substances subject to regulation relating to the protection of the environment under current or future federal, state or local laws or statutes, including, but not limited to, the Clean Air Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substance Control Act, the Hazardous and Solid Waste Amendments Act of 1984, the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Act, the Clean Water Act, the national Environmental Policy Act, the endangered species Act, the Fish and Wildlife Coordination Act, the National Historic Preservation Act, and the Oil Pollution Act of 1990, as such laws may be amended from time to time and all regulations, orders, rulings, directives, requirements and ordinances promulgated thereunder (collectively, "*Adverse Environmental Conditions*"), insofar as such Adverse Environmental Conditions relate to the ownership or operation of the Fee Acreage prior to the Closing.

Grantor intends to convey, and does hereby convey, to Grantee, its successors and assigns, all Fee Acreage described on Exhibit A attached hereto.

Grantor hereby agrees to execute and deliver to Grantee any and all other or further instruments as may reasonably be required to vest Grantee with record title to the Fee Acreage.

Executed this 11th day of June, ²⁰¹²2012 (the "Closing"), but
effective for all purposes as of July 1, ²⁰¹²2011 (the "Effective Date").

GRANTOR:

RUSTLERS HILLS II, LTD.

BY: *John Dean Bantley Jr.*
ITS: *Partner*

RUSTLERS HILLS II, LTD.

BY: *[Signature]*
ITS: *PARTNER*

Executed this 11th day of JUNE, ²⁰¹²2011 (the "Closing"), but
effective for all purposes as of July 1, ²⁰¹²2011 (the "Effective Date").

GRANTOR:

RUSTLERS HILLS II, LTD.

BY: *John D. Bantley Jr.*
ITS: *Partner*

RUSTLERS HILLS II, LTD.

BY: *James J. [Signature]*
ITS: *PARTNER*

GRANTEE:

NUEVO MIDSTREAM, LLC

BY: *Ry Zuluaga*

ITS: *Vice President*

Addresses of Grantor and Grantee:

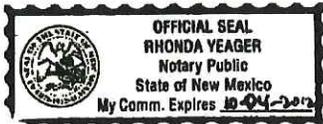
Rustlers Hills II, Ltd.
706 W. Riverside
Carlsbad, NM 88220

Nuevo Midstream, LLC
1331 Lamar, Suite 1400
Houston, Texas 77010

STATE OF NM
COUNTY OF Eddy

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named John Dwyer Brantley as partner of RUSTLERS HILLS II, LTD., a Texas corporation, who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of the aforesaid limited liability company after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 11 day of June, 2012



My Commission Expires:

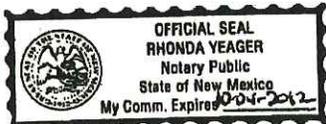
10-04-2012

Rhonda Yeager
NOTARY PUBLIC

STATE OF NM
COUNTY OF Eddy

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named George Brantley, as partner of RUSTLERS HILLS II, LTD., a Texas corporation, who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of the aforesaid limited liability company after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 11 day of June, 2012



My Commission Expires:

10-04-2012

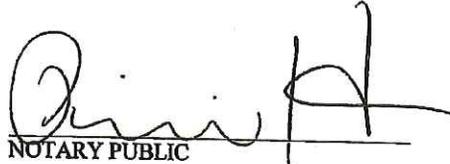
Rhonda Yeager
NOTARY PUBLIC

STATE OF TEXAS
COUNTY OF HARRIS

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named RANDY ZIEBARTH, as VICE PRESIDENT of NUEVO MIDSTREAM, LLC., a Delaware limited liability company who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of NUEVO MIDSTREAM, LLC after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 14th
day of JUNE, 2012




NOTARY PUBLIC

My Commission Expires:

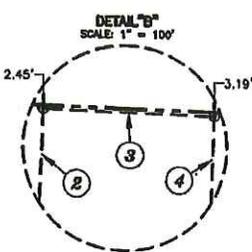
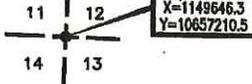
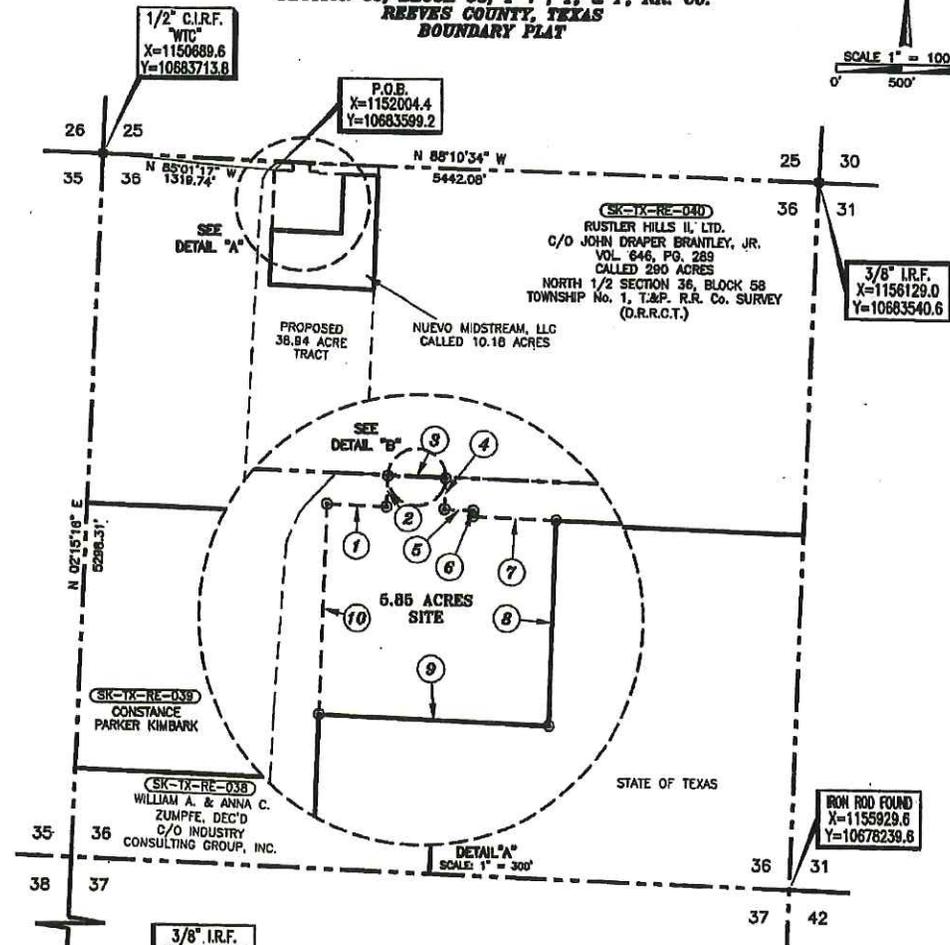
8/17/2015

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EXHIBIT "A"

**SECTION 36, BLOCK 58, T-1, T. & P. RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY PLAT**



LINE TABLE

LINE	BEARING	DISTANCE
1	S 85°10'37" E	137.68'
2	N 02°30'20" E	70.18'
3	S 87°50'51" E	129.40'
4	S 01°49'45" W	69.85'
5	S 87°58'09" E	84.69'
6	S 00°59'58" W	13.02'
7	S 87°51'33" E	181.94'
8	S 01°57'51" W	460.51'
9	N 87°49'21" W	524.61'
10	N 01°58'11" E	471.84'

- LEGEND**
- SURVEY/SECTION LINE
 - - - TRACT BORDER
 - x - FENCE LINE
 - EXISTING PIPELINE
 - IRON PIPE FOUND
 - CAPPED IRON ROD FOUND (C.I.R.F.)
 - ⊙ IRON ROD SET

1. ORIGINAL DOCUMENT SIZE: 14" X 8.5"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET, NORTH AMERICAN DATUM 1983
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM, ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
5. E.O.L./P.O.E. = END OF LINE/POINT OF EXIT
6. (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

TOPOGRAPHIC

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1400 EVERMAN PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX (817) 744-7548
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TELEPHONE: (806) 665-7218 • FAX (806) 665-7210
2905 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 • FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

CAPITAN	REVISION:	
		J.E.B.
DATE:	05/08/2012	
FILE:	BO_TX_RE_040_2	
DRAWN BY:	J.E.B.	
SHEET :	1 OF 2	



EXHIBIT "A"
REEVES COUNTY, TEXAS
5.85 ACRE SURVEY DESCRIPTION

MAY 11, 2012
Sheet 2 of 2

Being 5.85 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 290 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follows:

BEGINNING at a set 1/2-inch iron rod with cap marked Topographic ("set iron rod") for the Northwest corner of this tract, from which a found 1/2 inch iron rod with cap marked "WTC" for the common corner of Sections 36,35,25, and 26, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 85°01'17" West, a distance of 1,319.74 feet;

THENCE Easterly, along the North line of this 5.85 acre tract as follows:

South 88°10'37" East, a distance of 137.68 feet to a "set iron rod"; North 02°30'20" East, a distance of 70.18 feet to a "set iron rod"; South 87°50'51" East, a distance of 129.40 feet to a "set iron rod"; South 01°49'45" West, a distance of 69.65 feet to a "set iron rod"; South 87°56'09" East, a distance of 64.69 feet to a "set iron rod"; South 00°59'56" West, a distance of 13.02 feet to a "set iron rod";

THENCE South 87°51'33" East, a distance of 191.94 feet to a "set iron rod" for the common Northeast corner of this tract and the Northwest corner of a called 10.18 acre tract of land conveyed from Rustlers Hills II, LTD. to Nuevo Midstream, LLC;

THENCE South 01°57'51" West, along the West line of said called 10.18 acre tract, a distance of 460.51 feet to a "set iron rod" and North 87°49'21" West, a distance of 524.81 feet to a "set iron rod";

THENCE North 01°58'11" East, departing said common South line of this tract and North line of said called 10.18 acre tract, a distance of 471.84 feet the POINT OF BEGINNING, and END OF THIS DESCRIPTION, containing 5.85 acres of land.



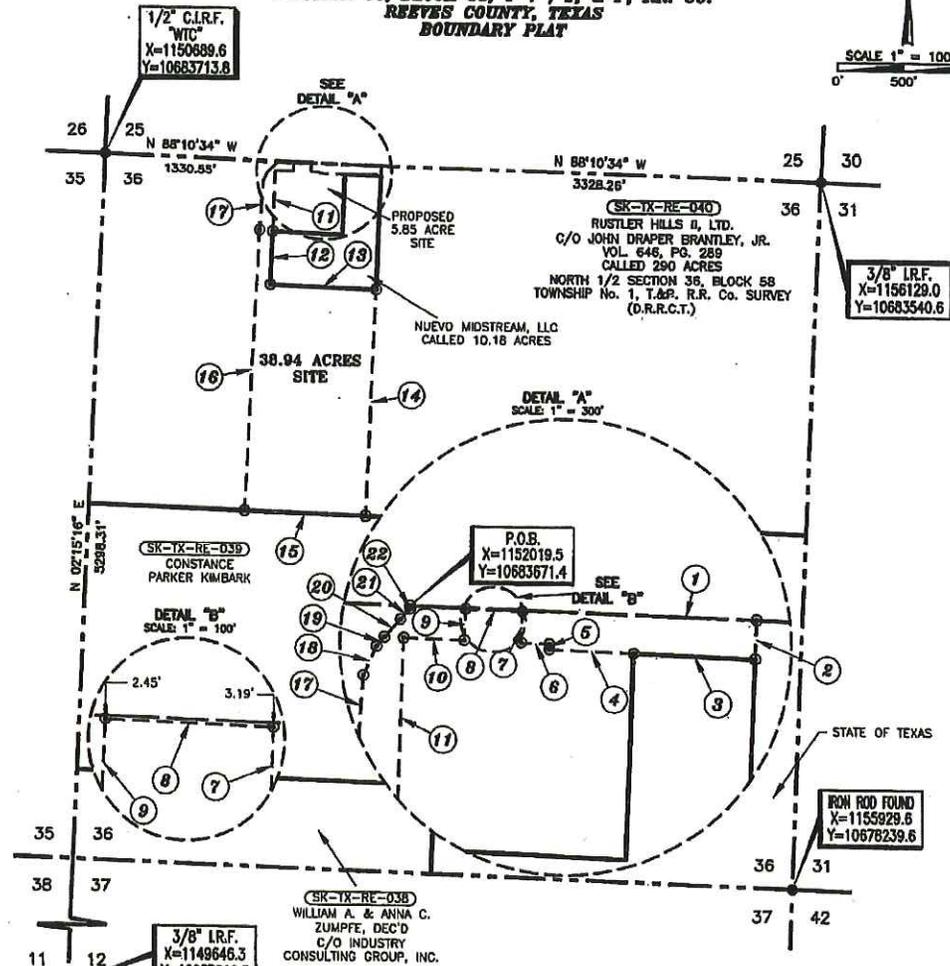
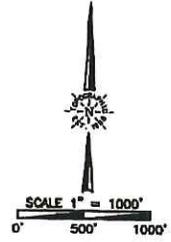
Topographic Land Surveyors
1400 Everman Parkway
Suite 197
Fort Worth, TX 76140

Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012



EXHIBIT "B"

SECTION 36, BLOCK 68, T-1, T. & P. RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY PLAT



LINE TABLE

LINE	BEARING	DISTANCE
1	S 88°10'34" E	783.27'
2	S 01°58'51" W	88.17'
3	N 87°58'07" W	271.11'
4	N 87°51'33" W	191.84'
5	N 00°59'56" E	13.02'
6	N 87°56'09" W	64.69'
7	N 01°49'45" E	69.65'
8	N 87°50'51" W	129.40'
9	S 02°30'20" W	70.18'
10	N 88°10'37" W	137.68'
11	S 01°58'11" W	471.84'

LINE TABLE

LINE	BEARING	DISTANCE
12	S 02°01'21" W	399.99'
13	S 87°49'42" E	788.08'
14	S 02°18'20" W	1701.12'
15	N 88°08'30" W	821.02'
16	N 02°51'58" E	2112.11'
17	N 04°08'13" E	376.99'
18	N 23°47'42" E	71.83'
19	N 39°24'40" E	27.78'
20	N 43°22'53" E	64.11'
21	N 43°23'18" E	32.77'
22	N 00°00'00" W	7.62'

- LEGEND**
- SURVEY/SECTION LINE
 - - - - - TRACT BORDER
 - x- FENCE LINE
 - EXISTING PIPELINE
 - IRON PIPE FOUND
 - CAPPED IRON ROD FOUND (C.I.R.F.)
 - ⊙ IRON ROD SET

1. ORIGINAL DOCUMENT SIZE: 14" X 8.5"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET, NORTH AMERICAN DATUM 1983
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
5. E.O.L./P.O.E. = END OF LINE/POINT OF EXIT
6. (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

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TELEPHONE: (817) 744-7512 • FAX (817) 744-7548
2225 PERRYTON PARKWAY • PAMPA, TEXAS 79065
TELEPHONE: (806) 665-7218 • FAX (806) 665-7210
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1853 • FAX (432) 682-1743
WWW.TOPOGRAPHIC.COM

CAPITAN		REVISION:
DATE:	05/08/2012	J.E.B. 5/11/2012
FILE:	BO_TX_RE_040	
DRAWN BY:	J.E.B.	
SHEET :	1 OF 2	



EXHIBIT "B"
REEVES COUNTY, TEXAS
38.94 ACRE SURVEY DESCRIPTION

May 11, 2012
Sheet 2 of 2

Being 38.94 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 260 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follow:

BEGINNING at a set 1/2 inch iron rod with cap marked Topographic ("set iron rod") in the common North line of Section 36, and South line of Section 25, Block 58, Township No. 1, T. & P. Railroad Company Survey for the Northwest corner of this tract, from which a found 1/2 inch capped iron rod with cap marked "WTC" for the common corner of Sections 36,35,26, and 25, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 88°10'34" West, a distance of 1,330.55 feet;

THENCE South 88°10'34" East, with said North line of Section 36 and South line of Section 25, a distance of 783.27 feet to a "set iron rod" for the Northeast corner of this tract;

THENCE South 88°10'34" East, departing the North line of Section 36, a distance of 783.27 feet to a "set iron rod" for the common corner of this tract and Northeast corner of a called 10.18 acre tract of land conveyed from Rustlers Hills II, LTD. to Nuevo Midstream, LLC.;

THENCE Easterly, with the common North line of said 10.18 acre tract and South line of this tract, as follows:

South 01°58'51" West, a distance of 88.17 feet to a "set iron rod"; North 87°58'07" West, a distance of 271.11 feet to a "set iron rod"; North 87°51'33" West, a distance of 191.94 feet to a "set iron rod"; North 00°59'56" East, a distance of 13.02 feet to a "set iron rod"; North 87°56'09" West, a distance of 64.69 feet to a "set iron rod"; North 01°49'45" East, a distance of 69.65 feet to a "set iron rod"; North 87°50'51" West, a distance of 129.40 feet to a "set iron rod"; South 02°30'20" West, a distance of 70.18 feet to a "set iron rod"; North 88°10'37" West, a distance of 137.68 feet to a "set iron rod"; South 01°58'11" West, a distance of 471.84 feet to a "set iron rod"; South 02°01'21" West, a distance of 399.99 feet to a "set iron rod";

THENCE South 87°49'42" East, a distance of 796.08 feet to a "set iron rod" for common corner of this tract and the Southeast corner of said 10.18 acre tract of land;

THENCE South 02°18'20" West, a distance of 1701.12 feet to a "set iron rod" on the common South line of said North half (1/2) of Section 36 and North line the Southwest Quarter (1/4) of said Section 36;

THENCE North 88°08'30" West, along said common line, a distance of 921.02 feet to a "set iron rod" for the Southwest corner of this tract;

THENCE Northerly, departing said common South line of said North half (1/2) of Section 36, as follows:

North 02°51'58" East, a distance of 2112.11 feet to a "set iron rod"; North 04°06'13" East, a distance of 376.99 feet to a "set iron rod"; North 23°47'42" East, a distance of 71.93 feet to a "set iron rod"; North 39°24'40" East, a distance of 27.76 feet to a "set iron rod"; North 43°22'53" East, a distance of 54.11 feet to a "set iron rod"; North 43°23'18" East, a distance of 32.77 feet to a "set iron rod";

THENCE North 00°00'00" West, a distance of 7.62 feet to the POINT OF BEGINNING, and END OF THIS DESCRIPTION, containing 38.94 acres of land.

Topographic Land Surveyors
1400 Everman Parkway
Suite 197
Fort Worth, TX 76140



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

Attachment

V

Order, Resolution or Ordinance Establishing Zone

977/49

DEED STATE OF
TEXAS

WARRANTY DEED

SOURCE DEED
RUSTLER HILLS to NUEVO MIDSTREAM
RAMSEY PLANT AQUISITION
10.18 ACRES

STATE OF TEXAS

COUNTY OF REEVES

For and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, RUSTLERS HILLS II, LTD., a Texas corporation (hereinafter "Grantor"), does hereby grant, bargain, sell, convey and warrant unto NUEVO MIDSTREAM, LLC, a Delaware limited liability company (hereinafter "Grantee"), the lands in Reeves County, Texas, described in Exhibit "A" attached hereto and made a part hereof by this reference (hereinafter the "Fee Acreage").

TO HAVE AND TO HOLD the Fee Acreage in accordance with the terms and provisions hereof, together with all rights, privileges and appurtenances thereunto belonging, unto Grantee, its successors and assigns, forever. Grantor hereby conveys to Grantee, its successors and assigns, and fully subrogates them to, all rights and actions of warranty now held or hereafter acquired by Grantor against others in respect of the Fee Acreage or any portion thereof.

This conveyance is made expressly subject to each of the following:

1. Any and all prior exceptions and reservations of oil, gas and other minerals of record;
2. Any and all rights-of-way and easements of record affecting the Fee Acreage or any portion thereof;
3. Any and all applicable municipal or county zoning ordinances; and
4. Any and all applicable protective or restrictive covenants of record.

Ad valorem taxes and any other applicable taxes for 2011 shall be prorated between Grantor and Grantee at the closing of this transaction as of the effective date of this conveyance.

Grantor shall retain and be fully responsible and shall indemnify, hold harmless and defend Grantee, its owners, managers and members and their respective employees, officers, directors, attorneys, agents and representatives from and against all loss, liability, and claims (including without limitation, attorneys' fees and expenses, court costs and expert fees and expenses) and causes of action asserted after the Effective Date arising from: (i) Personal injury claims and third party property damage claims relating to the ownership and operation of the Properties prior to the Closing; or (ii) Any contamination or condition exceeding regulatory limits (now or in the future) and not otherwise permanently authorized by permit or law, resulting from any discharge, release, production, storage, treatment, seepage, escape, leakage, emission, emptying, leaching or any other activities on, in or from the Fee Acreage, or the migration or transportation from other lands to the Fee Acreage of any wastes, pollutants, contaminants, hazardous materials or other materials or substances subject to regulation relating to the protection of the environment under current or future federal, state or local laws or statutes, including, but not limited to, the Clean Air Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substance Control Act, the Hazardous and Solid Waste Amendments Act of 1984, the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Act, the Clean Water Act, the national Environmental Policy Act, the endangered species Act, the Fish and Wildlife Coordination Act, the National Historic Preservation Act, and the Oil Pollution Act of 1990, as such laws may be amended from time to time and all regulations, orders, rulings, directives, requirements and ordinances promulgated thereunder (collectively, "*Adverse Environmental Conditions*"), insofar as such Adverse Environmental Conditions relate to the ownership or operation of the Fee Acreage prior to the Closing.

Grantor intends to convey, and does hereby convey, to Grantee, its successors and assigns, all real property in Reeves County, Texas, owned in fee by Grantor and referenced in the Special Warranty Deed vested to Rustler Hills II, Ltd. from George E. Ramsey, III to Rustler Hills II Ltd., dated January 25, 2002, recorded in Volume 646, Page 289, official Public Records of Real Property, Reeves County, Texas, regardless of whether or not said property is described, or correctly described, in Exhibit "A".

Grantor hereby agrees to execute and deliver to Grantee any and all other or further instruments as may reasonably be required to vest Grantee with record title to the Fee Acreage.

Executed this 9th day of December, 2011 (the "Closing"), but
effective for all purposes as of January 1, 2012 (the "Effective Date").
2012 Q1

GRANTOR:

RUSTLERS HILLS II, LTD.

BY: John Dean Brantley Jr

ITS: Partner

GRANTEE:

NUEVO MIDSTREAM, LLC

BY: Ry Zulatti

ITS: Vice President

Addresses of Grantor and Grantee:

Rustlers Hills II, Ltd.
706 W. Riverside
Carlsbad, NM 88220

Nuevo Midstream, LLC
1331 Lamar, Suite 1400
Houston, Texas 77010

STATE OF NM

COUNTY OF Eddy

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named Draper Brantley Jr., as partner of RUSTLERS HILLS II, LTD., a Texas corporation, who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of the aforesaid limited liability company after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 9 day of Dec., 2011.


NOTARY PUBLIC

My Commission Expires:

10-04-2012



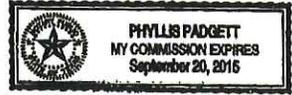
STATE OF Texas
COUNTY OF Dallas

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named Kandy Siebath as Vice President of NUEVO MIDSTREAM, LLC., a Delaware limited liability company who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of NUEVO MIDSTREAM, LLC after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 21st
day of December, 2011.

Phyllis Padgett
NOTARY PUBLIC

My Commission Expires:
9/20/2015



[THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY].

EXHIBIT "A" TO WARRANTY DEED
FROM RUSTLERS HILLS II, LTD.
AS GRANTOR, TO NUEVO MIDSTREAM, LLC,
AS GRANTEE, DATED EFFECTIVE AS OF _____, 2011

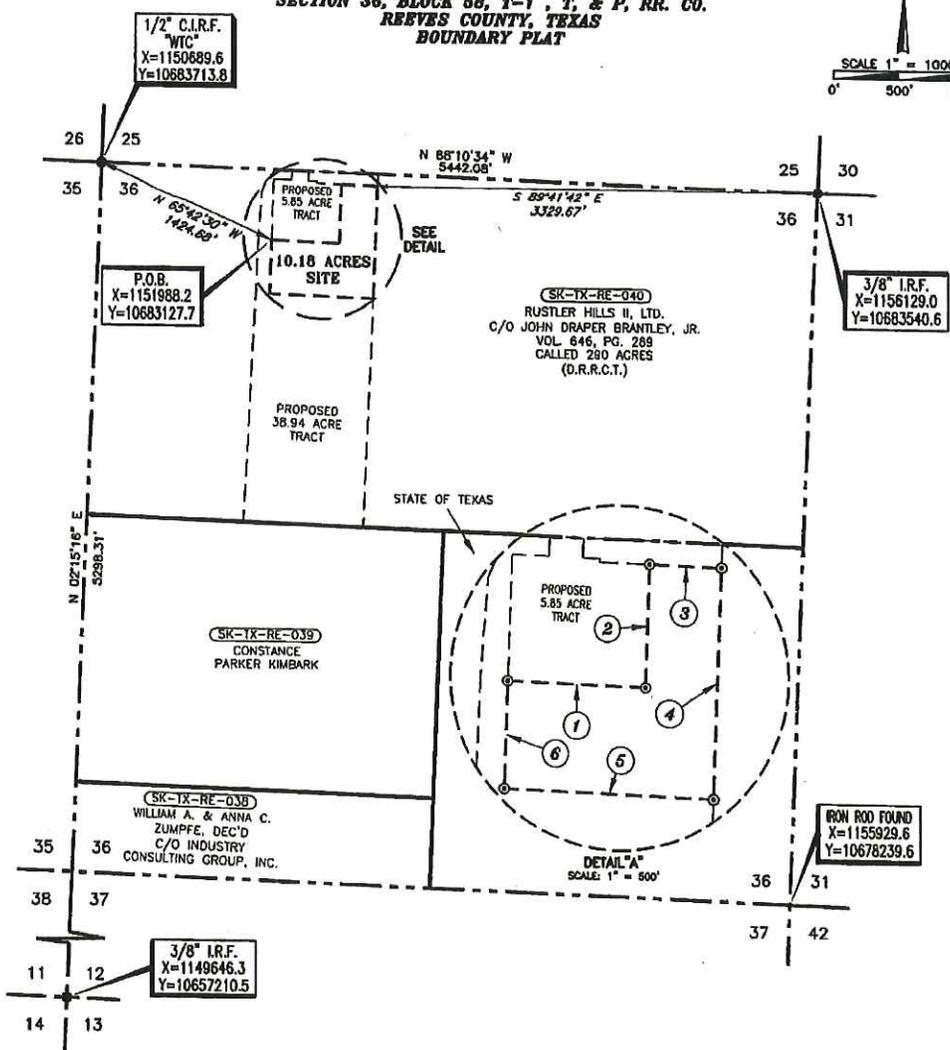
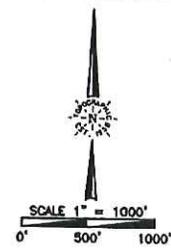
LEGAL DESCRIPTION OF THE FEE ACREAGE

A TRACT OF LAND LOCATED IN SECTION 36, BLOCK 58, TOWNSHIP 1, T&P
RR SURVEY, REEVES COUNTY, TEXAS AND BEING MORE PARTICULARLY
DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH LIES S.01°53'51"W., 535.5 FEET AND
S.87°47'23"E., 1317.5 FEET FROM THE NORTHWEST CORNER OF SAID
SECTION 36, THENCE S.87°49'22"E., 525.0 FEET; THENCE N.01°58'36"E., 460.9
FEET; THENCE S.87°51'17"E., 271.1 FEET; THENCE S.01°58'28"W., 861.1 FEET;
THENCE N.87°49'22"W., 796.2 FEET; THENCE N.01°59'10"E., 400.0 FEET TO
THE POINT OF BEGINNING. SAID TRACT OF LAND BEING 10.18 ACRES,
MORE OR LESS.



EXHIBIT "A"
SECTION 36, BLOCK 68, T-1, T, & P, RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY PLAT



LINE TABLE

LINE	BEARING	DISTANCE
1	S 87°50'08" E	524.72'
2	N 01°58'30" E	480.40'
3	S 87°56'58" E	271.11'
4	S 01°58'50" W	881.02'
5	N 87°49'42" W	796.08'
6	N 02°01'21" E	399.99'

- LEGEND**
- SURVEY/SECTION LINE
 - - - - - TRACT BORDER
 - x - - - FENCE LINE
 - - - - - EXISTING PIPELINE
 - IRON PIPE FOUND
 - CAPPED IRON ROD FOUND (C.I.R.F.)
 - ⊙ IRON ROD SET

1. ORIGINAL DOCUMENT SIZE: 14" x 8.5"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANS COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET, NORTH AMERICAN DATUM 1983
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
5. E.O.L./P.O.E. = END OF LINE/POINT OF EXIT
6. (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS



MICHAEL BLAKE BROWN, R.P.L.S. No. 5857
 DECEMBER 6, 2012

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 1400 EVERMAN PARKWAY, Ste. 187 • FT. WORTH, TEXAS 76140
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 2225 PERRYTON PARKWAY • PAMPA, TEXAS 79065
 TELEPHONE: (806) 665-7218 • FAX (806) 665-7210
 2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
 TELEPHONE: (432) 682-1653 • FAX (432) 682-1743
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CAPITAN		REVISION:	
DATE:	05/11/2012	J.E.B.	6/11/12
FILE:	BO_TX_RE_040_4	S.C.	12/06/12
DRAWN BY:	J.E.B.		
SHEET :	7 OF 8		



EXHIBIT "A"
REEVES COUNTY, TEXAS
10.18 ACRE SURVEY DESCRIPTION

DECEMBER 6, 2012
Sheet 8 of 8

Being 10.18 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 290 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follows:

BEGINNING at a set 1/2-inch iron rod with cap marked Topographic ("set iron rod") for the Northwest corner of this tract, from which a found 1/2 inch iron rod with cap marked "WTC" for the common corner of Sections 36,35,25, and 26, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 65°42'30" West, a distance of 1,424.68 feet;

THENCE Easterly, across said 290 acre tract as follows:

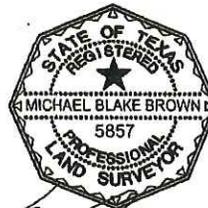
South 87°50'06" East, a distance of 524.72 feet to a "set iron rod"; North 01°58'30" East, a distance of 460.40 feet to a "set iron rod";

THENCE South 87°56'58" East, a distance of 271.11 feet to a "set iron rod" from which a found 3/8 inch iron rod for the common corner of Sections 25 and 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, Sections 30 and 31, Block 57, Township No. 1, T. & P. Railroad Company Survey bears: South 89°41'42" East, a distance of 3,329.67 feet;

THENCE continuing across said 290 acre tract as follows:

South 01°58'50" West, a distance of 861.02 feet to a "set iron rod"; North 87°49'42" West, a distance of 796.08 feet to a "set iron rod";

THENCE North 02°01'21" East, a distance of 399.99 feet the **POINT OF BEGINNING**, and **END OF THIS DESCRIPTION**, containing 10.18 acres of land.




MICHAEL BLAKE BROWN, R.P.L.S. No. 5857
DECEMBER 6, 2012

Topographic Land Surveyors
1400 Everman Parkway
Suite 197
Fort Worth, TX 76140

12-08678

977/57

DEED STATE OF
TEXAS

WARRANTY DEED

STATE OF TEXAS
COUNTY OF Reeves

SOURCE DEED
RUSTLER HILLS to NUEVO MIDSTREAM
RAMSEY PLANT AQUISION
5.85 & 38.94 ACRES

For and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, RUSTLERS HILLS II, LTD., a Texas corporation (hereinafter "Grantor"), does hereby grant, bargain, sell, convey and warrant unto NUEVO MIDSTREAM, LLC, a Delaware limited liability company (hereinafter "Grantee"), the lands in Reeves County, Texas, described in Exhibit "A" and Exhibit "B" attached hereto and made a part hereof by this reference (hereinafter the "Fee Acreage").

TO HAVE AND TO HOLD the Fee Acreage in accordance with the terms and provisions hereof, together with all rights, privileges and appurtenances thereunto belonging, unto Grantee, its successors and assigns, forever. Grantor hereby conveys to Grantee, its successors and assigns, and fully subrogates them to, all rights and actions of warranty now held or hereafter acquired by Grantor against others in respect of the Fee Acreage or any portion thereof.

This conveyance is made expressly subject to each of the following:

1. Any and all prior exceptions and reservations of oil, gas and other minerals of record;
2. Any and all rights-of-way and easements of record affecting the Fee Acreage or any portion thereof;
3. Any and all applicable municipal or county zoning ordinances; and
4. Any and all applicable protective or restrictive covenants of record.

Ad valorem taxes and any other applicable taxes for 2011 shall be prorated between Grantor and Grantee at the closing of this transaction as of the effective date of this conveyance.

Grantor shall retain and be fully responsible and shall indemnify, hold harmless and defend Grantee, its owners, managers and members and their respective employees, officers, directors, attorneys, agents and representatives from and against all loss, liability, and claims (including without limitation, attorneys' fees and expenses, court costs and expert fees and expenses) and causes of action asserted after the Effective Date arising from: (i) Personal injury claims and third party property damage claims relating to the ownership and operation of the Properties prior to the Closing; or (ii) Any contamination or condition exceeding regulatory limits (now or in the future) and not otherwise permanently authorized by permit or law, resulting from any discharge, release, production, storage, treatment, seepage, escape, leakage, emission, emptying, leaching or any other activities on, in or from the Fee Acreage, or the migration or transportation from other lands to the Fee Acreage of any wastes, pollutants, contaminants, hazardous materials or other materials or substances subject to regulation relating to the protection of the environment under current or future federal, state or local laws or statutes, including, but not limited to, the Clean Air Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substance Control Act, the Hazardous and Solid Waste Amendments Act of 1984, the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Act, the Clean Water Act, the national Environmental Policy Act, the endangered species Act, the Fish and Wildlife Coordination Act, the National Historic Preservation Act, and the Oil Pollution Act of 1990, as such laws may be amended from time to time and all regulations, orders, rulings, directives, requirements and ordinances promulgated thereunder (collectively, "*Adverse Environmental Conditions*"), insofar as such Adverse Environmental Conditions relate to the ownership or operation of the Fee Acreage prior to the Closing.

Grantor intends to convey, and does hereby convey, to Grantee, its successors and assigns, all Fee Acreage described on Exhibit A attached hereto.

Grantor hereby agrees to execute and deliver to Grantee any and all other or further instruments as may reasonably be required to vest Grantee with record title to the Fee Acreage.

Executed this 11th day of June, 2012 (the "Closing"), but
effective for all purposes as of July 1, 2011 (the "Effective Date").
2012 *[Signature]*

GRANTOR:

RUSTLERS HILLS II, LTD.

BY: *John Dean Bantley Jr.*
ITS: *Partner*

RUSTLERS HILLS II, LTD.

BY: *[Signature]*
ITS: *PARTNER*

GRANTEE:

NUEVO MIDSTREAM, LLC

BY:

[Handwritten Signature]

ITS:

Vice President

Addresses of Grantor and Grantee:

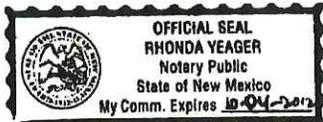
Rustlers Hills II, Ltd.
706 W. Riverside
Carlsbad, NM 88220

Nuevo Midstream, LLC
1331 Lamar, Suite 1400
Houston, Texas 77010

STATE OF NM
COUNTY OF Eddy

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named John Deeper Brantley as partner of RUSTLERS HILLS II, LTD., a Texas corporation, who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of the aforesaid limited liability company after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 11 day of June, 2012.



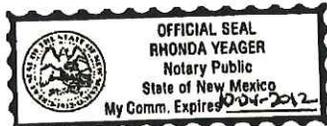
My Commission Expires:
10-04-2012

Rhonda Yeager
NOTARY PUBLIC

STATE OF NM
COUNTY OF Eddy

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named George Brantley, as partner of RUSTLERS HILLS II, LTD., a Texas corporation, who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of the aforesaid limited liability company after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 11 day of June, 2012.



My Commission Expires:
10-04-2012

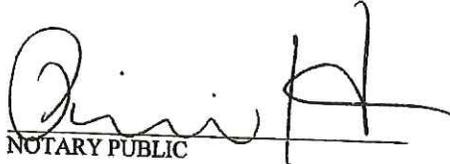
Rhonda Yeager
NOTARY PUBLIC

STATE OF TEXAS
COUNTY OF HARRIS

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named RANDY ZIEBARTH, as VICE PRESIDENT of NUEVO MIDSTREAM, LLC., a Delaware limited liability company who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of NUEVO MIDSTREAM, LLC after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 14th
day of JUNE, 2012




NOTARY PUBLIC

My Commission Expires:

8/17/2015

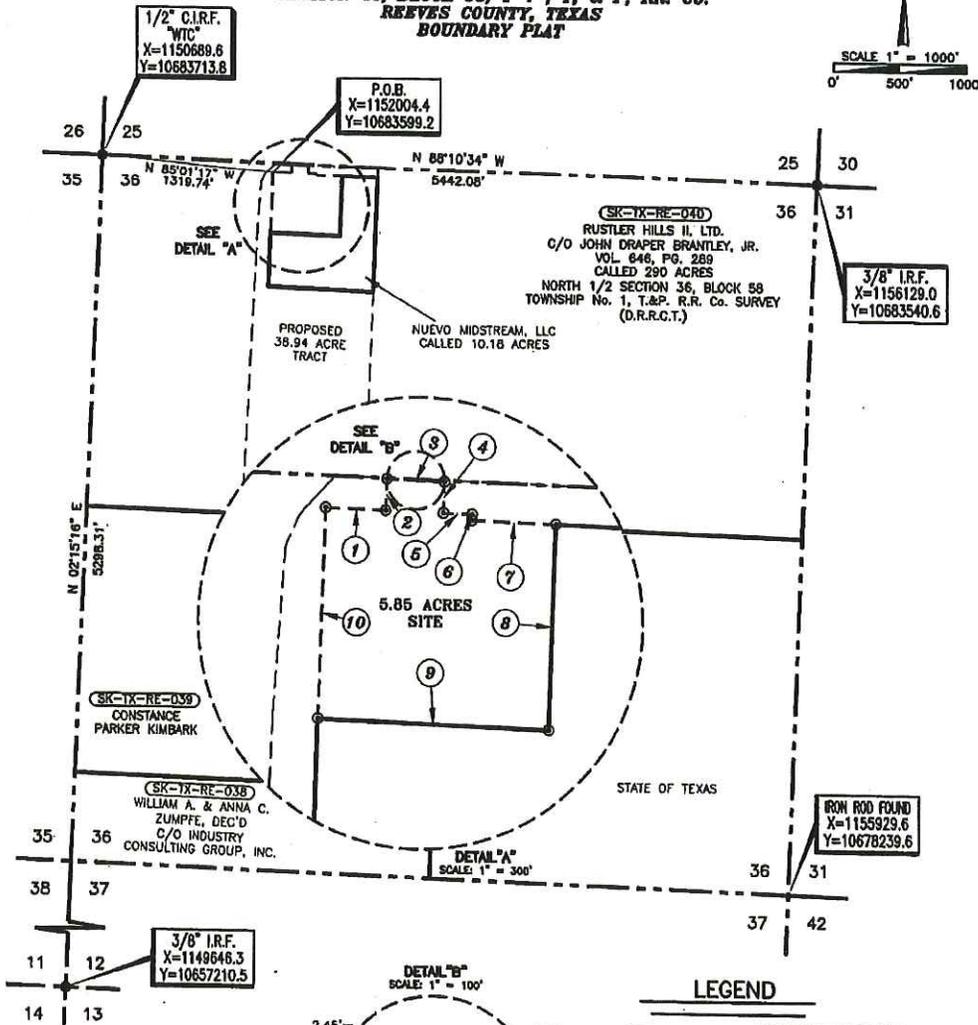
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nuevo
MIDSTREAM

EXHIBIT "A"

SECTION 36, BLOCK 68, T-1, T. & P. RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY PLAT

SCALE 1" = 1000'
0' 500' 1000'



LINE TABLE

LINE	BEARING	DISTANCE
1	S 88°10'57" E	137.66'
2	N 02°30'20" E	70.18'
3	S 87°50'51" E	129.40'
4	S 01°48'25" W	69.85'
5	S 87°58'09" E	64.69'
6	S 00°58'56" W	13.02'
7	S 87°51'33" E	191.94'
8	S 01°57'51" W	480.81'
9	N 87°49'21" W	524.81'
10	N 01°58'11" E	471.84'

1. ORIGINAL DOCUMENT SIZE: 14" X 8.5"
2. ALL BEARINGS, DISTANCES AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET-NORTH AMERICAN DATUM 1983
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM, ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
5. E.O.L./P.O.E. = END OF LINE/POINT OF END
6. (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS

CAPITAN	REVISION:	
	J.E.B.	5/11/12
DATE: 05/08/2012		
FILE: BO_TX_RE_040_2		
DRAWN BY: J.E.B.		
SHEET: 1 OF 2		

- LEGEND
- SURVEY/SECTION LINE
 - - - TRACT BORDER
 - x - FENCE LINE
 - - - EXISTING PIPELINE
 - IRON PIPE FOUND
 - CAPPED IRON ROD FOUND (C.I.R.F.)
 - ⊙ IRON ROD SET



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

TOPOGRAPHIC

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2903 NORTH 800 SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 • FAX (432) 682-1743
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EXHIBIT "A"
REEVES COUNTY, TEXAS
5.85 ACRE SURVEY DESCRIPTION

MAY 11, 2012
Sheet 2 of 2

Being 5.85 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 290 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follows:

BEGINNING at a set 1/2-inch iron rod with cap marked Topographic ("set iron rod") for the Northwest corner of this tract, from which a found 1/2 inch iron rod with cap marked "WTC" for the common corner of Sections 36,35,25, and 26, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 85°01'17" West, a distance of 1,319.74 feet;

THENCE Easterly, along the North line of this 5.85 acre tract as follows:

South 88°10'37" East, a distance of 137.68 feet to a "set iron rod"; North 02°30'20" East, a distance of 70.18 feet to a "set iron rod";
South 87°50'51" East, a distance of 129.40 feet to a "set iron rod"; South 01°49'45" West, a distance of 69.65 feet to a "set iron rod";
South 87°56'09" East, a distance of 64.69 feet to a "set iron rod"; South 00°59'56" West, a distance of 13.02 feet to a "set iron rod";

THENCE South 87°51'33" East, a distance of 191.94 feet to a "set iron rod" for the common Northeast corner of this tract and the Northwest corner of a called 10.18 acre tract of land conveyed from Rustlers Hills II, LTD. to Nuevo Midstream, LLC;

THENCE South 01°57'51" West, along the West line of said called 10.18 acre tract, a distance of 460.51 feet to a "set iron rod" and North 87°49'21" West, a distance of 524.81 feet to a "set iron rod";

THENCE North 01°58'11" East, departing said common South line of this tract and North line of said called 10.18 acre tract, a distance of 471.84 feet the POINT OF BEGINNING, and END OF THIS DESCRIPTION, containing 5.85 acres of land.



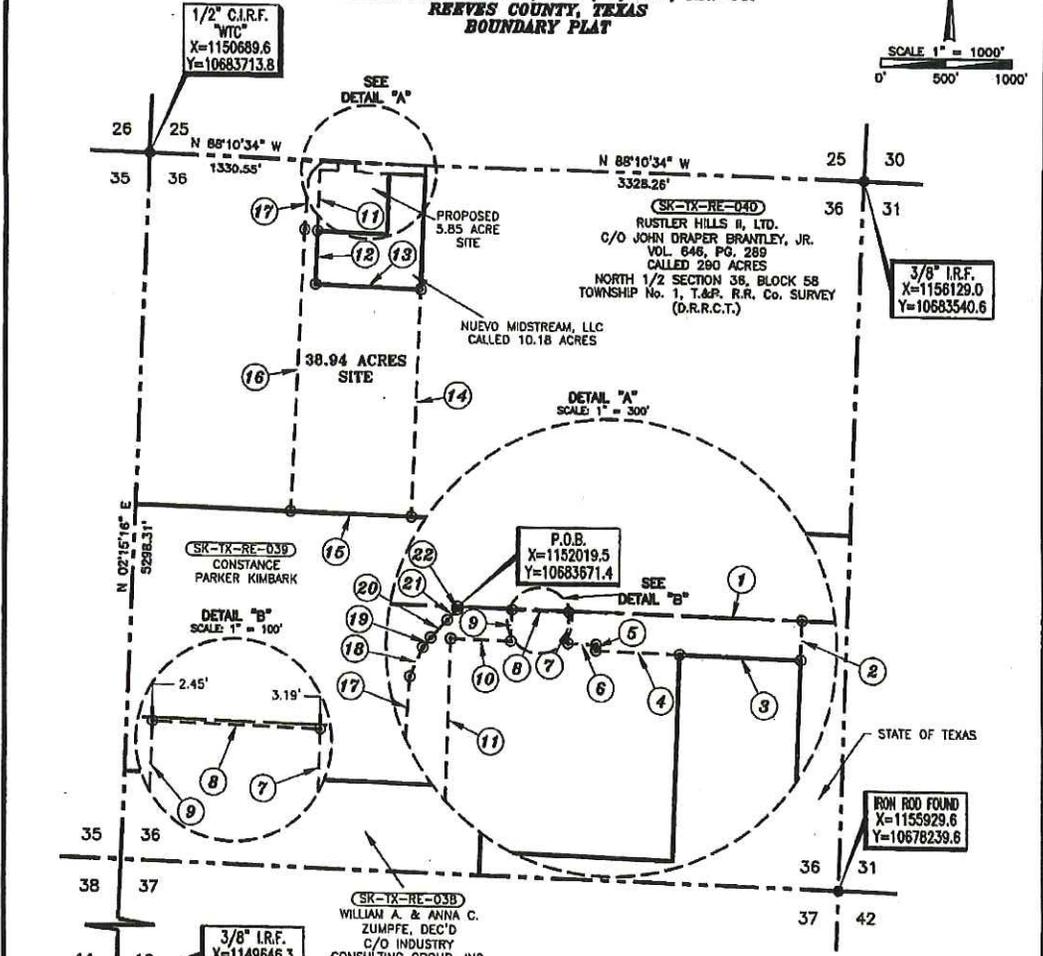
Topographic Land Surveyors
1400 Everman Parkway
Suite 197
Fort Worth, TX 76140

Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

nuevo
MIDSTREAM

EXHIBIT "B"

SECTION 36, BLOCK 68, T-1, T, & P, RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY PLAT



1/2" C.I.R.F.
"WTC"
X=1150689.6
Y=10683713.8

3/8" I.R.F.
X=1156129.0
Y=10683540.6

3/8" I.R.F.
X=1149646.3
Y=10657210.5

IRON ROD FOUND
X=1155929.6
Y=10678239.8

LEGEND

- SURVEY/SECTION LINE
- - - TRACT BORDER
- x FENCE LINE
- EXISTING PIPELINE
- ⊙ IRON PIPE FOUND
- ⊙ CAPPED IRON ROD FOUND (C.I.R.F.)
- ⊙ IRON ROD SET

LINE TABLE

LINE	BEARING	DISTANCE
1	S 88°10'34" E	783.27'
2	S 01°58'51" W	88.17'
3	N 87°58'07" W	271.11'
4	N 87°51'33" W	191.94'
5	N 02°59'58" E	13.02'
6	N 87°58'09" W	64.69'
7	N 01°49'45" E	69.65'
8	N 87°50'51" W	129.40'
9	S 02°30'20" W	70.18'
10	N 88°10'37" W	137.68'
11	S 01°58'11" W	471.84'

LINE TABLE

LINE	BEARING	DISTANCE
12	S 02°01'21" W	369.99'
13	S 87°49'42" E	786.09'
14	S 02°18'20" W	1701.12'
15	N 88°08'30" W	821.02'
16	N 02°51'58" E	2112.11'
17	N 04°06'13" E	376.99'
18	N 23°47'42" E	71.93'
19	N 39°24'40" E	27.76'
20	N 43°22'53" E	64.11'
21	N 43°23'18" E	32.77'
22	N 00°00'00" W	7.82'

1. ORIGINAL DOCUMENT SIZE: 14" X 8.5"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET, NORTH AMERICAN DATUM 1983
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
5. E.O.L./P.O.E. = END OF LINE/POINT OF EXIT
6. (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

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TELEPHONE: (806) 665-7218 • FAX (806) 665-7210
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 • FAX (432) 682-1743
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CAPITAN		REVISION:
DATE:	05/08/2012	J.E.B. 5/11/2012
FILE:	BO_TX_RE_040	
DRAWN BY:	J.E.B.	
SHEET :	1 OF 2	



EXHIBIT "B"
REEVES COUNTY, TEXAS
38.94 ACRE SURVEY DESCRIPTION

May 11, 2012
Sheet 2 of 2

Being 38.94 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 260 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follow:

BEGINNING at a set 1/2 inch iron rod with cap marked Topographic ("set iron rod") in the common North line of Section 36, and South line of Section 25, Block 58, Township No. 1, T. & P. Railroad Company Survey for the Northwest corner of this tract, from which a found 1/2 inch capped iron rod with cap marked "WTC" for the common corner of Sections 36,35,26, and 25, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 88°10'34" West, a distance of 1,330.55 feet;

THENCE South 88°10'34" East, with said North line of Section 36 and South line of Section 25, a distance of 783.27 feet to a "set iron rod" for the Northeast corner of this tract;

THENCE South 88°10'34" East, departing the North line of Section 36, a distance of 783.27 feet to a "set iron rod" for the common corner of this tract and Northeast corner of a called 10.18 acre tract of land conveyed from Rustlers Hills II, LTD. to Nuevo Midstream, LLC.;

THENCE Easterly, with the common North line of said 10.18 acre tract and South line of this tract, as follows:

South 01°58'51" West, a distance of 88.17 feet to a "set iron rod"; North 87°58'07" West, a distance of 271.11 feet to a "set iron rod"; North 87°51'33" West, a distance of 191.94 feet to a "set iron rod"; North 00°59'56" East, a distance of 13.02 feet to a "set iron rod"; North 87°56'09" West, a distance of 64.69 feet to a "set iron rod"; North 01°49'45" East, a distance of 69.65 feet to a "set iron rod"; North 87°50'51" West, a distance of 129.40 feet to a "set iron rod"; South 02°30'20" West, a distance of 70.18 feet to a "set iron rod"; North 88°10'37" West, a distance of 137.68 feet to a "set iron rod"; South 01°58'11" West, a distance of 471.84 feet to a "set iron rod"; South 02°01'21" West, a distance of 399.99 feet to a "set iron rod";

THENCE South 87°49'42" East, a distance of 796.08 feet to a "set iron rod" for common corner of this tract and the Southeast corner of said 10.18 acre tract of land;

THENCE South 02°18'20" West, a distance of 1701.12 feet to a "set iron rod" on the common South line of said North half (1/2) of Section 36 and North line the Southwest Quarter (1/4) of said Section 36;

THENCE North 88°08'30" West, along said common line, a distance of 921.02 feet to a "set iron rod" for the Southwest corner of this tract;

THENCE Northerly, departing said common South line of said North half (1/2) of Section 36, as follows:

North 02°51'58" East, a distance of 2112.11 feet to a "set iron rod"; North 04°06'13" East, a distance of 376.99 feet to a "set iron rod"; North 23°47'42" East, a distance of 71.93 feet to a "set iron rod"; North 39°24'40" East, a distance of 27.76 feet to a "set iron rod"; North 43°22'53" East, a distance of 54.11 feet to a "set iron rod"; North 43°23'18" East, a distance of 32.77 feet to a "set iron rod";

THENCE North 00°00'00" West, a distance of 7.62 feet to the POINT OF BEGINNING, and END OF THIS DESCRIPTION, containing 38.94 acres of land.

Topographic Land Surveyors
1400 Everman Parkway
Suite 197
Fort Worth, TX 76140



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

Attachment

W

Legal Description of Reinvestment Zone

977/49

DEED STATE OF
TEXAS

WARRANTY DEED

SOURCE DEED
RUSTLER HILLS to NUEVO MIDSTREAM
RAMSEY PLANT AQUISION
10.18 ACRES

STATE OF TEXAS

COUNTY OF Reeves

For and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, RUSTLERS HILLS II, LTD., a Texas corporation (hereinafter "Grantor"), does hereby grant, bargain, sell, convey and warrant unto NUEVO MIDSTREAM, LLC, a Delaware limited liability company (hereinafter "Grantee"), the lands in Reeves County, Texas, described in Exhibit "A" attached hereto and made a part hereof by this reference (hereinafter the "Fee Acreage").

TO HAVE AND TO HOLD the Fee Acreage in accordance with the terms and provisions hereof, together with all rights, privileges and appurtenances thereunto belonging, unto Grantee, its successors and assigns, forever. Grantor hereby conveys to Grantee, its successors and assigns, and fully subrogates them to, all rights and actions of warranty now held or hereafter acquired by Grantor against others in respect of the Fee Acreage or any portion thereof.

This conveyance is made expressly subject to each of the following:

- 1. Any and all prior exceptions and reservations of oil, gas and other minerals of record;
- 2. Any and all rights-of-way and easements of record affecting the Fee Acreage or any portion thereof;
- 3. Any and all applicable municipal or county zoning ordinances; and
- 4. Any and all applicable protective or restrictive covenants of record.

Ad valorem taxes and any other applicable taxes for 2011 shall be prorated between Grantor and Grantee at the closing of this transaction as of the effective date of this conveyance.

Grantor shall retain and be fully responsible and shall indemnify, hold harmless and defend Grantee, its owners, managers and members and their respective employees, officers, directors, attorneys, agents and representatives from and against all loss, liability, and claims (including without limitation, attorneys' fees and expenses, court costs and expert fees and expenses) and causes of action asserted after the Effective Date arising from: (i) Personal injury claims and third party property damage claims relating to the ownership and operation of the Properties prior to the Closing; or (ii) Any contamination or condition exceeding regulatory limits (now or in the future) and not otherwise permanently authorized by permit or law, resulting from any discharge, release, production, storage, treatment, seepage, escape, leakage, emission, emptying, leaching or any other activities on, in or from the Fee Acreage, or the migration or transportation from other lands to the Fee Acreage of any wastes, pollutants, contaminants, hazardous materials or other materials or substances subject to regulation relating to the protection of the environment under current or future federal, state or local laws or statutes, including, but not limited to, the Clean Air Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substance Control Act, the Hazardous and Solid Waste Amendments Act of 1984, the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Act, the Clean Water Act, the national Environmental Policy Act, the endangered species Act, the Fish and Wildlife Coordination Act, the National Historic Preservation Act, and the Oil Pollution Act of 1990, as such laws may be amended from time to time and all regulations, orders, rulings, directives, requirements and ordinances promulgated thereunder (collectively, "*Adverse Environmental Conditions*"), insofar as such Adverse Environmental Conditions relate to the ownership or operation of the Fee Acreage prior to the Closing.

Grantor intends to convey, and does hereby convey, to Grantee, its successors and assigns, all real property in Reeves County, Texas, owned in fee by Grantor and referenced in the Special Warranty Deed vested to Rustler Hills II, Ltd. from George E. Ramsey, III to Rustler Hills II Ltd., dated January 25, 2002, recorded in Volume 646, Page 289, official Public Records of Real Property, Reeves County, Texas, regardless of whether or not said property is described, or correctly described, in Exhibit "A".

Grantor hereby agrees to execute and deliver to Grantee any and all other or further instruments as may reasonably be required to vest Grantee with record title to the Fee Acreage.

Executed this 9th day of December, 2011 (the "Closing"), but effective for all purposes as of January 1, 2012 (the "Effective Date").
2012 Q1

GRANTOR:

RUSTLERS HILLS II, LTD.

BY: John Dean Brantley Jr

ITS: Partner

GRANTEE:

NUEVO MIDSTREAM, LLC

BY: Ry Zulaeta

ITS: Vice President

Addresses of Grantor and Grantee:

Rustlers Hills II, Ltd.
706 W. Riverside
Carlsbad, NM 88220

Nuevo Midstream, LLC
1331 Lamar, Suite 1400
Houston, Texas 77010

STATE OF NM

COUNTY OF Eddy

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named Deaper Brantley Jr., as partner of RUSTLERS HILLS II, LTD., a Texas corporation, who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of the aforesaid limited liability company after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 9 day of Dec., 2011.


NOTARY PUBLIC

My Commission Expires:

10-04-2012



STATE OF Texas
COUNTY OF Dallas

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named Kandy Zebarth as Vice President of NUEVO MIDSTREAM, LLC., a Delaware limited liability company who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of NUEVO MIDSTREAM, LLC after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 21st
day of December, 2011.

Phyllis Padgett
NOTARY PUBLIC

My Commission Expires:
9/20/2015



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**EXHIBIT "A" TO WARRANTY DEED
FROM RUSTLERS HILLS II, LTD.
AS GRANTOR, TO NUEVO MIDSTREAM, LLC,
AS GRANTEE, DATED EFFECTIVE AS OF _____, 2011**

LEGAL DESCRIPTION OF THE FEE ACREAGE

A TRACT OF LAND LOCATED IN SECTION 36, BLOCK 58, TOWNSHIP 1, T&P RR SURVEY, REEVES COUNTY, TEXAS AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A POINT WHICH LIES S.01°53'51"W., 535.5 FEET AND S.87°47'23"E., 1317.5 FEET FROM THE NORTHWEST CORNER OF SAID SECTION 36, THENCE S.87°49'22"E., 525.0 FEET; THENCE N.01°58'36"E., 460.9 FEET; THENCE S.87°51'17"E., 271.1 FEET; THENCE S.01°58'28"W., 861.1 FEET; THENCE N.87°49'22"W., 796.2 FEET; THENCE N.01°59'10"E., 400.0 FEET TO THE POINT OF BEGINNING. SAID TRACT OF LAND BEING 10.18 ACRES, MORE OR LESS.

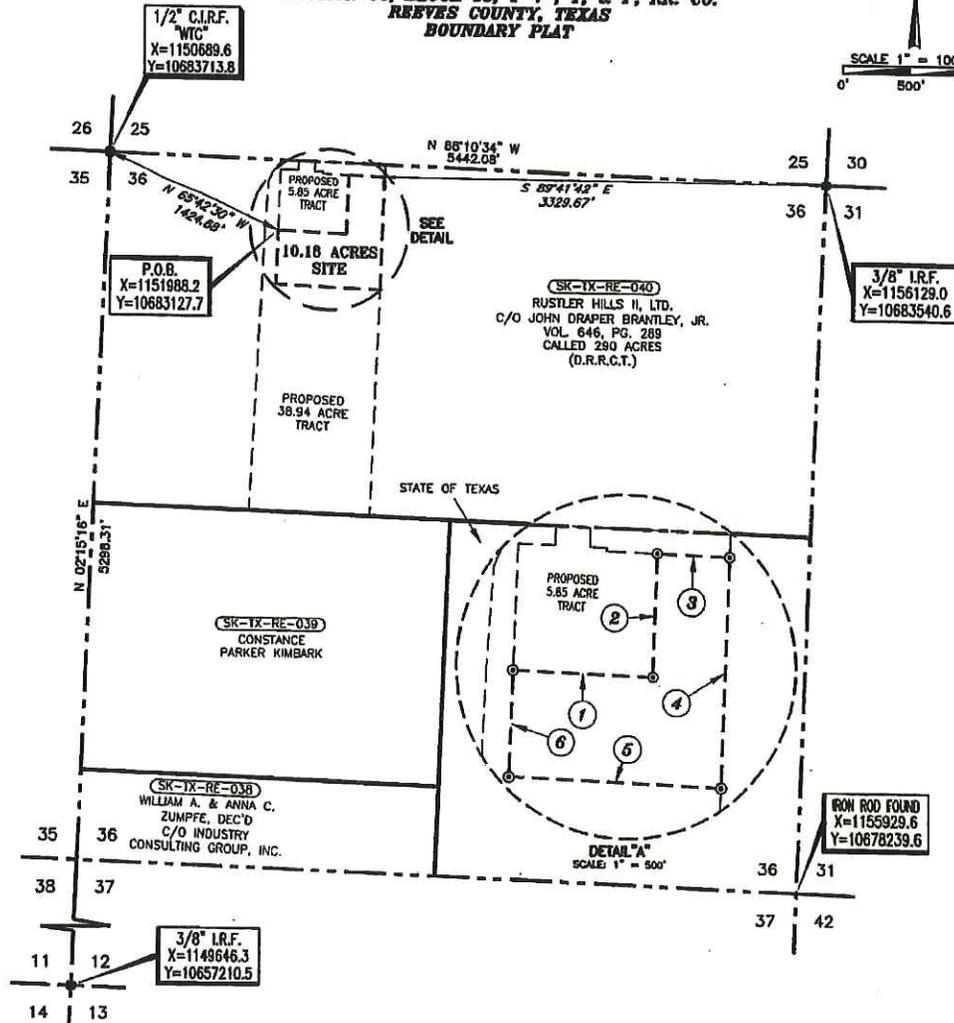
nuevo
MIDSTREAM

EXHIBIT "A"

SECTION 36, BLOCK 56, T-1, T. & P, RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY PLAT



SCALE 1" = 1000'
0' 500' 1000'



LEGEND

LINE TABLE

LINE	BEARING	DISTANCE
1	S 87°50'06" E	524.72'
2	N 01°58'30" E	480.40'
3	S 87°56'58" E	271.11'
4	S 01°58'50" W	861.02'
5	N 87°48'42" W	796.08'
6	N 02°01'21" E	399.99'

- SURVEY/SECTION LINE
- - - TRACT BORDER
- x FENCE LINE
- - - EXISTING PIPELINE
- IRON PIPE FOUND
- ⊙ CAPPED IRON ROD FOUND (C.I.R.F.)
- ⊙ IRON ROD SET



- ORIGINAL DOCUMENT SIZE: 14" x 8.5"
- ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET, NORTH AMERICAN DATUM 1983
- CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
- B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
- E.O.L./P.O.E. = END OF LINE/POINT OF EXIT
- (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS

MICHAEL BLAKE BROWN, R.P.L.S. No. 5857
DECEMBER 6, 2012

TOPOGRAPHIC

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2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 • FAX (432) 682-1743
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CAPITAN	REVISION:		
	J.E.B.	6/11/12	
	S.C.	12/06/12	
DATE:	05/11/2012		
FILE:	BO_TX_RE_040_4		
DRAWN BY:	J.E.B.		
SHEET :	7 OF 8		



EXHIBIT "A"
REEVES COUNTY, TEXAS
10.18 ACRE SURVEY DESCRIPTION

DECEMBER 6, 2012
Sheet 8 of 8

Being 10.18 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 290 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follows:

BEGINNING at a set 1/2-inch iron rod with cap marked Topographic ("set iron rod") for the Northwest corner of this tract, from which a found 1/2 inch iron rod with cap marked "WTC" for the common corner of Sections 36,35,25, and 26, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 65°42'30" West, a distance of 1,424.68 feet;

THENCE Easterly, across said 290 acre tract as follows:

South 87°50'06" East, a distance of 524.72 feet to a "set iron rod"; North 01°58'30" East, a distance of 460.40 feet to a "set iron rod";

THENCE South 87°56'58" East, a distance of 271.11 feet to a "set iron rod" from which a found 3/8 inch iron rod for the common corner of Sections 25 and 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, Sections 30 and 31, Block 57, Township No. 1, T. & P. Railroad Company Survey bears: South 89°41'42" East, a distance of 3,329.67 feet;

THENCE continuing across said 290 acre tract as follows:

South 01°58'50" West, a distance of 861.02 feet to a "set iron rod"; North 87°49'42" West, a distance of 796.08 feet to a "set iron rod";

THENCE North 02°01'21" East, a distance of 399.99 feet the **POINT OF BEGINNING**, and **END OF THIS DESCRIPTION**, containing 10.18 acres of land.



MICHAEL BLAKE BROWN, R.P.L.S. No. 5857
DECEMBER 6, 2012

Topographic Land Surveyors
1400 Everman Parkway
Suite 197
Fort Worth, TX 76140

12-08678

977/57

DEED STATE OF
TEXAS

WARRANTY DEED

STATE OF TEXAS

COUNTY OF Reeves

SOURCE DEED
RUSTLER HILLS to NUEVO MIDSTREAM
RAMSEY PLANT ACQUISITION
5.85 & 38.94 ACRES

For and in consideration of the sum of Ten Dollars (\$10.00), cash in hand paid, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, **RUSTLERS HILLS II, LTD.**, a Texas corporation (hereinafter "**Grantor**"), does hereby grant, bargain, sell, convey and warrant unto **NUEVO MIDSTREAM, LLC**, a Delaware limited liability company (hereinafter "**Grantee**"), the lands in Reeves County, Texas, described in Exhibit "A" and Exhibit "B" attached hereto and made a part hereof by this reference (hereinafter the "**Fee Acreage**").

TO HAVE AND TO HOLD the Fee Acreage in accordance with the terms and provisions hereof, together with all rights, privileges and appurtenances thereunto belonging, unto Grantee, its successors and assigns, forever. Grantor hereby conveys to Grantee, its successors and assigns, and fully subrogates them to, all rights and actions of warranty now held or hereafter acquired by Grantor against others in respect of the Fee Acreage or any portion thereof.

This conveyance is made expressly subject to each of the following:

1. Any and all prior exceptions and reservations of oil, gas and other minerals of record;
2. Any and all rights-of-way and easements of record affecting the Fee Acreage or any portion thereof;
3. Any and all applicable municipal or county zoning ordinances; and
4. Any and all applicable protective or restrictive covenants of record.

Ad valorem taxes and any other applicable taxes for 2011 shall be prorated between Grantor and Grantee at the closing of this transaction as of the effective date of this conveyance.

Grantor shall retain and be fully responsible and shall indemnify, hold harmless and defend Grantee, its owners, managers and members and their respective employees, officers, directors, attorneys, agents and representatives from and against all loss, liability, and claims (including without limitation, attorneys' fees and expenses, court costs and expert fees and expenses) and causes of action asserted after the Effective Date arising from: (i) Personal injury claims and third party property damage claims relating to the ownership and operation of the Properties prior to the Closing; or (ii) Any contamination or condition exceeding regulatory limits (now or in the future) and not otherwise permanently authorized by permit or law, resulting from any discharge, release, production, storage, treatment, seepage, escape, leakage, emission, emptying, leaching or any other activities on, in or from the Fee Acreage, or the migration or transportation from other lands to the Fee Acreage of any wastes, pollutants, contaminants, hazardous materials or other materials or substances subject to regulation relating to the protection of the environment under current or future federal, state or local laws or statutes, including, but not limited to, the Clean Air Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substance Control Act, the Hazardous and Solid Waste Amendments Act of 1984, the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Act, the Clean Water Act, the national Environmental Policy Act, the endangered species Act, the Fish and Wildlife Coordination Act, the National Historic Preservation Act, and the Oil Pollution Act of 1990, as such laws may be amended from time to time and all regulations, orders, rulings, directives, requirements and ordinances promulgated thereunder (collectively, "*Adverse Environmental Conditions*"), insofar as such Adverse Environmental Conditions relate to the ownership or operation of the Fee Acreage prior to the Closing.

Grantor intends to convey, and does hereby convey, to Grantee, its successors and assigns, all Fee Acreage described on Exhibit A attached hereto.

Grantor hereby agrees to execute and deliver to Grantee any and all other or further instruments as may reasonably be required to vest Grantee with record title to the Fee Acreage.

GRANTEE:

NUEVO MIDSTREAM, LLC

BY: _____

Ry Zylas

ITS: _____

Vice President

Addresses of Grantor and Grantee:

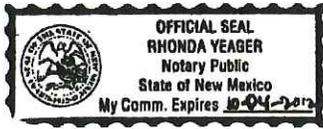
Rustlers Hills II, Ltd.
706 W. Riverside
Carlsbad, NM 88220

Nuevo Midstream, LLC
1331 Lamar, Suite 1400
Houston, Texas 77010

STATE OF NM
COUNTY OF Eddy

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named John Decker Brantley as partner of RUSTLERS HILLS II, LTD., a Texas corporation, who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of the aforesaid limited liability company after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 11 day of June, 2012.



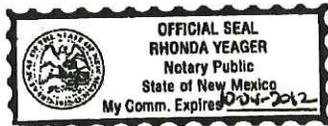
Rhonda Yeager
NOTARY PUBLIC

My Commission Expires:
10-04-2012

STATE OF NM
COUNTY OF Eddy

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named George Brantley, as partner of RUSTLERS HILLS II, LTD., a Texas corporation, who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of the aforesaid limited liability company after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 11 day of June, 2012.



Rhonda Yeager
NOTARY PUBLIC

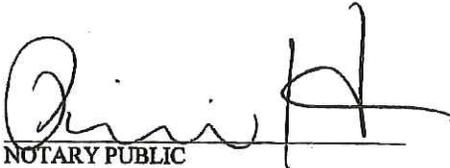
My Commission Expires:
10-04-2012

STATE OF TEXAS
COUNTY OF HARRIS

Personally appeared before me, the undersigned authority in and for the jurisdiction aforesaid, the within named RANDY ZIEBARTH, as VICE PRESIDENT of NUEVO MIDSTREAM, LLC., a Delaware limited liability company who acknowledged that he executed the foregoing Warranty Deed on the day and year therein mentioned as his free and voluntary act and deed for and on behalf of NUEVO MIDSTREAM, LLC after first having been duly authorized so to do.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, this the 14th
day of JUNE, 2011.




NOTARY PUBLIC

My Commission Expires:

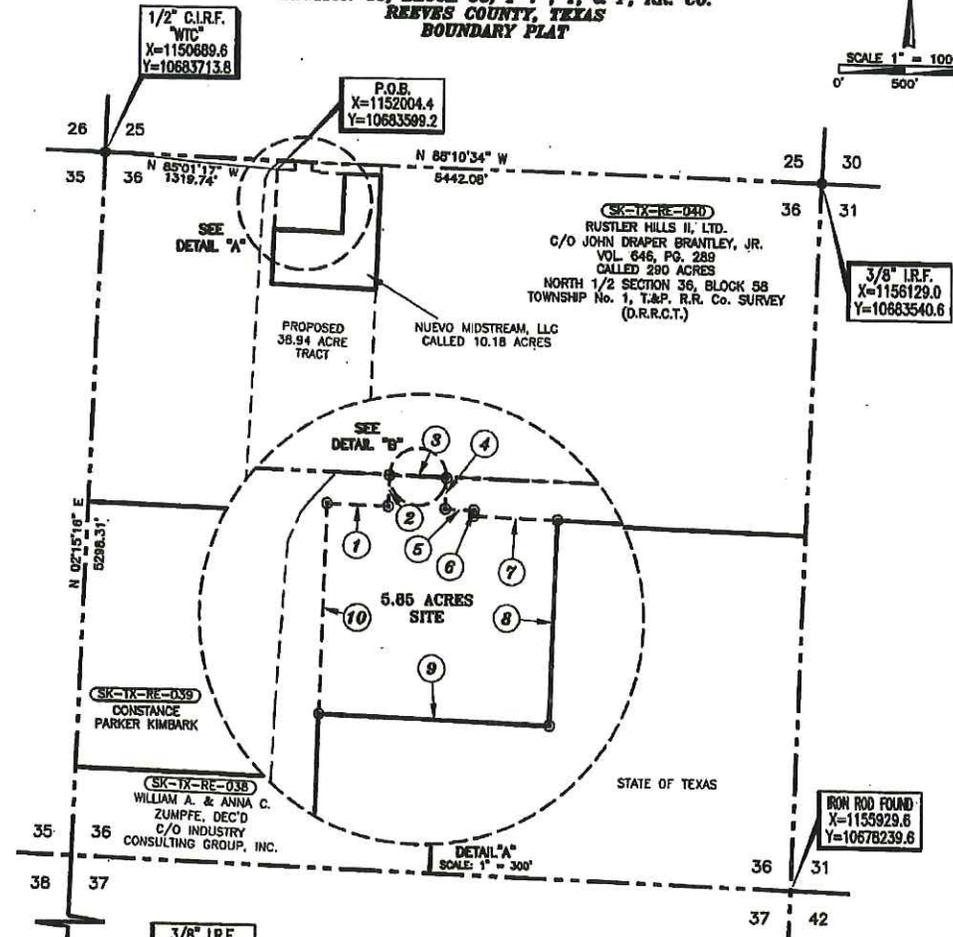
8/17/2015

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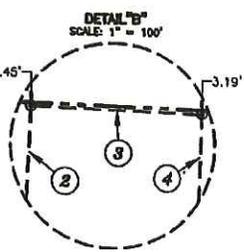
EXHIBIT "A"

**SECTION 36, BLOCK 58, T-1, T, & P, RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY PLAT**



LINE TABLE

LINE	BEARING	DISTANCE
1	S 85°10'37" E	137.68'
2	N 02°30'20" E	70.16'
3	S 87°50'51" E	129.40'
4	S 01°49'45" W	69.65'
5	S 87°56'09" E	64.69'
6	S 00°59'56" W	13.02'
7	S 87°51'33" E	191.94'
8	S 01°57'51" W	460.51'
9	N 87°49'21" W	524.81'
10	N 01°58'11" E	471.84'



- LEGEND**
- SURVEY/SECTION LINE
 - - - TRACT BORDER
 - x-x- FENCE LINE
 - EXISTING PIPELINE
 - IRON PIPE FOUND
 - CAPPED IRON ROD FOUND (C.I.R.F.)
 - ⊙ IRON ROD SET

- ORIGINAL DOCUMENT SIZE: 14" X 8.5"
- ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET, NORTH AMERICAN DATUM 1983
- CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
- B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
- E.O.L./P.O.E. = END OF LINE/POINT OF EXIT
- (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

TOPOGRAPHIC

SURVEYING • MAPPING • GIS • GPS
1400 EVERMAN PARKWAY, Ste. 197 • FT. WORTH, TEXAS 76140
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2225 FERRITON PARKWAY • PAMPA, TEXAS 79065
TELEPHONE: (806) 665-7218 • FAX: (806) 665-7210
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1655 • FAX: (432) 682-1743
WWW.TOPOGRAPHIC.COM

CAPITAN	REVISION:	
	J.E.B.	5/11/12
DATE: 05/08/2012		
FILE: BO_TX_RE_040_2		
DRAWN BY: J.E.B.		
SHEET: 1 OF 2		



EXHIBIT "A"
REEVES COUNTY, TEXAS
5.85 ACRE SURVEY DESCRIPTION

MAY 11, 2012
Sheet 2 of 2

Being 5.85 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 290 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follows:

BEGINNING at a set 1/2-inch iron rod with cap marked Topographic ("set iron rod") for the Northwest corner of this tract, from which a found 1/2 inch iron rod with cap marked "WTC" for the common corner of Sections 36,35,25, and 26, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 85°01'17" West, a distance of 1,319.74 feet;

THENCE Easterly, along the North line of this 5.85 acre tract as follows:

South 88°10'37" East, a distance of 137.68 feet to a "set iron rod"; North 02°30'20" East, a distance of 70.18 feet to a "set iron rod";
South 87°50'51" East, a distance of 129.40 feet to a "set iron rod"; South 01°49'45" West, a distance of 69.65 feet to a "set iron rod";
South 87°56'09" East, a distance of 64.69 feet to a "set iron rod"; South 00°59'56" West, a distance of 13.02 feet to a "set iron rod";

THENCE South 87°51'33" East, a distance of 191.94 feet to a "set iron rod" for the common Northeast corner of this tract and the Northwest corner of a called 10.18 acre tract of land conveyed from Rustlers Hills II, LTD. to Nuevo Midstream, LLC;

THENCE South 01°57'51" West, along the West line of said called 10.18 acre tract, a distance of 460.51 feet to a "set iron rod" and North 87°49'21" West, a distance of 524.81 feet to a "set iron rod";

THENCE North 01°58'11" East, departing said common South line of this tract and North line of said called 10.18 acre tract, a distance of 471.84 feet the **POINT OF BEGINNING**, and **END OF THIS DESCRIPTION**, containing 5.85 acres of land.

Topographic Land Surveyors
1400 Everman Parkway
Suite 197
Fort Worth, TX 76140



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

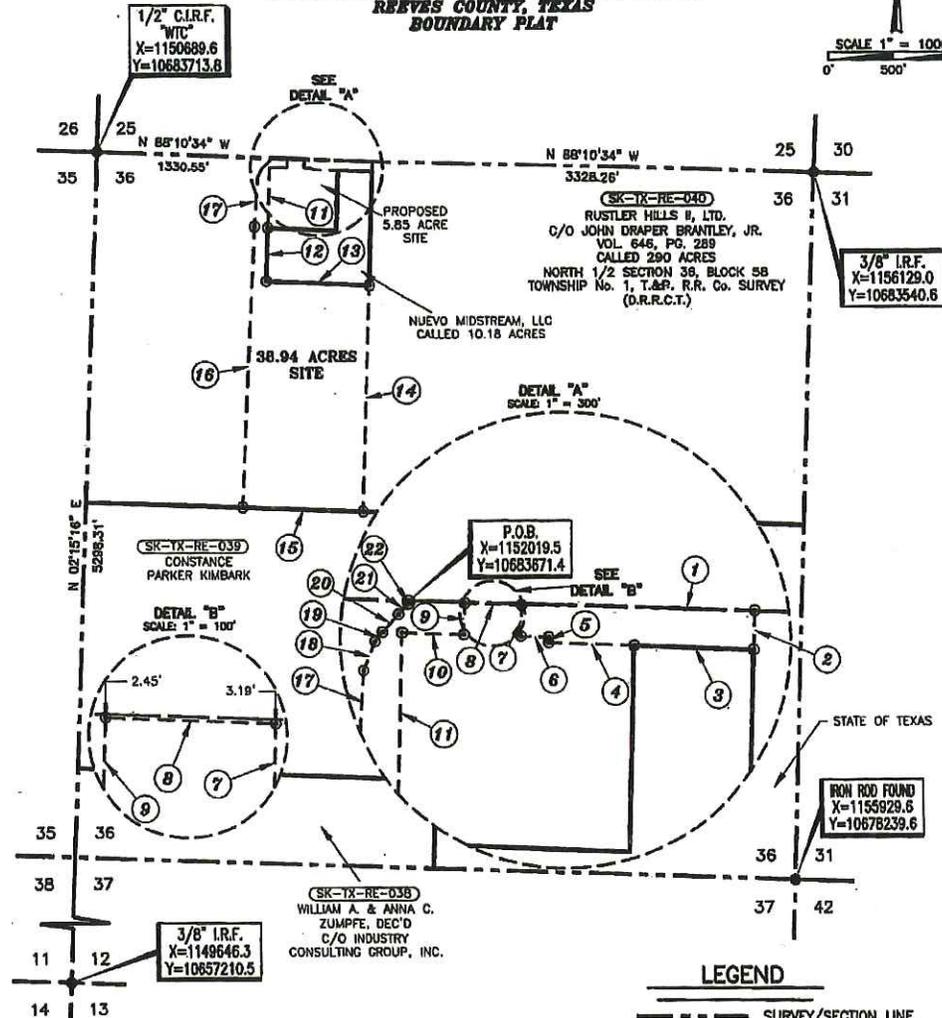
nuevo
MIDSTREAM

EXHIBIT "B"

SECTION 36, BLOCK 68, T-1, T, & P, RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY PLAT



SCALE 1" = 1000'
0' 500' 1000'



1/2" C.I.R.F.
"WTC"
X=1150688.6
Y=10683713.8

3/8" I.R.F.
X=1156129.0
Y=10683540.6

P.O.B.
X=1152019.5
Y=10683671.4

IRON ROD FOUND
X=1155929.6
Y=10678239.6

3/8" I.R.F.
X=1149646.3
Y=10657210.5

LEGEND

- SURVEY/SECTION LINE
- - - - - TRACT BORDER
- x FENCE LINE
- EXISTING PIPELINE
- ⊙ IRON PIPE FOUND
- ⊙ CAPPED IRON ROD FOUND (C.I.R.F.)
- ⊙ IRON ROD SET

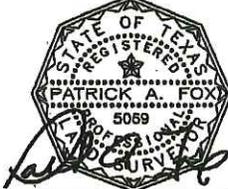
LINE TABLE

LINE	BEARING	DISTANCE
1	S 88°10'34" E	783.27'
2	S 01°58'51" W	88.17'
3	N 87°58'07" W	271.11'
4	N 87°51'53" W	191.94'
5	N 00°59'56" E	13.02'
6	N 87°58'09" W	64.69'
7	N 01°49'45" E	69.65'
8	N 87°50'51" W	129.40'
9	S 02°30'20" W	70.16'
10	N 88°10'37" W	137.68'
11	S 01°58'11" W	471.84'

LINE TABLE

LINE	BEARING	DISTANCE
12	S 02°01'21" W	389.99'
13	S 87°49'42" E	796.08'
14	S 02°18'20" W	1701.12'
15	N 88°08'30" W	921.02'
16	N 02°51'58" E	2112.11'
17	N 04°06'13" E	376.99'
18	N 23°47'42" E	71.83'
19	N 39°24'40" E	27.76'
20	N 43°22'53" E	54.11'
21	N 43°23'18" E	32.77'
22	N 00°00'00" W	7.62'

1. ORIGINAL DOCUMENT SIZE: 14" X 8.5"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. TZ87, NORTH AMERICAN DATUM 1983
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
5. E.O.L./P.O.E. = END OF LINE/POINT OF EXIT
6. (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

TOPOGRAPHIC

SURVEYING • MAPPING • GIS • GPS
1400 EVERMAN PARKWAY, Ste. 107 • FT. WORTH, TEXAS 76140
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2225 PERRYTON PARKWAY • PAMPA, TEXAS 79065
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2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1653 • FAX: (432) 682-1743
WWW.TOPOGRAPHIC.COM

CAPITAN	REVISION:	
	J.E.B.	5/11/2012
DATE: 05/08/2012		
FILE: BO_TX_RE_040		
DRAWN BY: J.E.B.		
SHEET: 1 OF 2		

EXHIBIT "B"
REEVES COUNTY, TEXAS
38.94 ACRE SURVEY DESCRIPTION

May 11, 2012
Sheet 2 of 2

Being 38.94 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 260 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follow:

BEGINNING at a set 1/2 inch iron rod with cap marked Topographic ("set iron rod") in the common North line of Section 36, and South line of Section 25, Block 58, Township No. 1, T. & P. Railroad Company Survey for the Northwest corner of this tract, from which a found 1/2 inch capped iron rod with cap marked "WTC" for the common corner of Sections 36,35,26, and 25, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 88°10'34" West, a distance of 1,330.55 feet;

THENCE South 88°10'34" East, with said North line of Section 36 and South line of Section 25, a distance of 783.27 feet to a "set iron rod" for the Northeast corner of this tract;

THENCE South 88°10'34" East, departing the North line of Section 36, a distance of 783.27 feet to a "set iron rod" for the common corner of this tract and Northeast corner of a called 10.18 acre tract of land conveyed from Rustlers Hills II, LTD. to Nuevo Midstream, LLC.;

THENCE Easterly, with the common North line of said 10.18 acre tract and South line of this tract, as follows:

South 01°58'51" West, a distance of 88.17 feet to a "set iron rod"; North 87°58'07" West, a distance of 271.11 feet to a "set iron rod"; North 87°51'33" West, a distance of 191.94 feet to a "set iron rod"; North 00°59'56" East, a distance of 13.02 feet to a "set iron rod"; North 87°56'09" West, a distance of 64.69 feet to a "set iron rod"; North 01°49'45" East, a distance of 69.65 feet to a "set iron rod"; North 87°50'51" West, a distance of 129.40 feet to a "set iron rod"; South 02°30'20" West, a distance of 70.18 feet to a "set iron rod"; North 88°10'37" West, a distance of 137.68 feet to a "set iron rod"; South 01°58'11" West, a distance of 471.84 feet to a "set iron rod"; South 02°01'21" West, a distance of 399.99 feet to a "set iron rod";

THENCE South 87°49'42" East, a distance of 796.08 feet to a "set iron rod" for common corner of this tract and the Southeast corner of said 10.18 acre tract of land;

THENCE South 02°18'20" West, a distance of 1701.12 feet to a "set iron rod" on the common South line of said North half (1/2) of Section 36 and North line the Southwest Quarter (1/4) of said Section 36;

THENCE North 88°08'30" West, along said common line, a distance of 921.02 feet to a "set iron rod" for the Southwest corner of this tract;

THENCE Northerly, departing said common South line of said North half (1/2) of Section 36, as follows:

North 02°51'58" East, a distance of 2112.11 feet to a "set iron rod"; North 04°06'13" East, a distance of 376.99 feet to a "set iron rod"; North 23°47'42" East, a distance of 71.93 feet to a "set iron rod"; North 39°24'40" East, a distance of 27.76 feet to a "set iron rod"; North 43°22'53" East, a distance of 54.11 feet to a "set iron rod"; North 43°23'18" East, a distance of 32.77 feet to a "set iron rod";

THENCE North 00°00'00" West, a distance of 7.62 feet to the POINT OF BEGINNING, and END OF THIS DESCRIPTION, containing 38.94 acres of land.

Topographic Land Surveyors
1400 Everman Parkway
Suite 197
Fort Worth, TX 76140



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

Attachment

X

Guidelines and Criteria for Reinvestment Zone

PECOS COUNTY

GUIDELINES AND CRITERIA FOR TAX ABATEMENT

I. PURPOSE

Pecos County, herein referred to as "the County," is committed to the promotion of quality development in all parts of the County and to improving the quality of life for its citizens. In order to help meet these goals, the County will consider recommending tax abatement to stimulate growth and development. Any such incentive shall be provided in accordance with the procedures and criteria outlined in this document. However, nothing in these guidelines shall imply or suggest, or be construed to imply or suggest, that the County is under any obligation to provide any incentive to any applicant. All such applications for tax abatement shall be considered on an individual basis with regard to both the qualification for abatement and the amount of any abatement.

II. DEFINITIONS

The Glossary attached to the County's is a list of words with their definitions that are found in this document, and the Glossary is incorporated herein by reference.

III. GUIDELINES AND CRITERIA

Improvements eligible for abatement include the following:

- Aquaculture/agriculture facility,
- Distribution center facility,
- Manufacturing facility,
- Office building,
- Regional entertainment tourism facility,
- Renewable power facility and fixtures,
- Research facility,
- Historic building in a designated area, or
- Other basic industry.

Requests for abatement will be evaluated according to factors including, but not limited to, the

following:

- (1) Jobs. Projected new jobs created, including the number and type of new jobs, the number and type of jobs retained, the average payroll, and the number of local persons hired.
- (2) Fiscal Impact. The amount of real and personal property value that will be added to the tax roll for both eligible and ineligible property, any County financed infrastructure improvements that will be required by the facility, any infrastructure improvements proposed to be made by the facility, and the compatibility of the project with the County's master plan for development.
- (3) Community Impact. The pollution, if any, as well as other potential negative environmental impact on the health and safety of the community resulting from the proposed project; whether the project will revitalize a depressed area; potential business opportunities for local vendors; alternative development possibilities for the proposed site; the impact on other taxing entities; and/or whether the improvement is expected to solely or primarily have the effect of transferring employment from one part of Pecos County to another.

IV. ABATEMENT AUTHORIZED

- (a) Authorized Date. A facility shall be eligible for tax abatement if it has applied for such abatement prior to the commencement of construction: provided that such facility meets the criteria for granting tax abatement in reinvestment zones created by Pecos County pursuant to these Guidelines and Criteria. Property may be exempted from taxation under these guidelines for a period not to exceed the statutory limitations.
- (b) Creation of New Value. Abatement may only be granted for the additional value of or increase in value to eligible improvements made subsequent to the filing of an application for tax abatement and specified in the abatement agreement between the County and the property owner or lessee and lessor, subject to such limitations as the Tax Abatement Statute and these Guidelines and Criteria may require.
- (c) New and Existing Facilities. Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion. If the modernization project includes replacement of a facility existing at the time of application, the abated value shall be the value of the new unit(s) less the value of the old unit(s).
- (d) Eligible Property. Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, and office space and related fixed improvements necessary to the operation and administration of the facility.

- (e) Ineligible Property. The following types of property shall be fully taxable and ineligible for abatement:

land,
animals,
inventories,
supplies,
tools,
furnishings, and other forms of movable personal property (except as provided below),
vehicles,
vessels,
aircraft,
housing or residential property,
hotels/motels,
fauna,
flora,
retail facilities,
except when housed in an historic structure, within the designated downtown district,
any improvements including those involved in the production, storage or distribution of natural gas or fluids that are not integral to the operation of the facility, and
property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas. This provision shall not be interpreted to disallow abatement for property located in the Pecos County Industrial Park. Nor shall this provision be interpreted to disallow abatement where the eligible property to be abated may be located on or affixed to land owned by the State or a subdivision of the State, but is wholly owned by the party seeking the abatement.

Equipment constituting personal property located in the reinvestment zone shall remain eligible for abatement provided the equipment is awaiting installation to become a permanent part of a fixture located or to be constructed in the reinvestment zone that is or will be eligible for property tax abatement, including any replacement parts.

- (f) Owned/Leased Facilities. If leased property is granted abatement, the agreement shall be executed with the lessor and lessee. If the eligible property to be abated is located on or affixed to leased land, but is wholly owned by the party seeking the abatement, the agreement shall be executed only with the owner of the property to be abated.
- (g) Value and Term of Abatement. Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the

agreement. The value of new eligible properties shall be abated according to the approved agreement between the applicant and the governing body. The governing body, in its sole discretion, shall determine the amount of any abatement.

The abatement may be extended from the date of the initial agreement by modification provided the statutory requirements for modification are met.

- (h) **Construction in Progress.** If a qualifying facility has not been placed in service as of January 1 following execution of the abatement agreement, the taxpayer may apply for a one-year extension of the term of abatement. Said extension must be applied for prior to the end of the calendar year in which the abatement agreement is executed.
- (i) **Taxability.** From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:
 - (1) The value of ineligible property as provided for in Part IV(e) shall be fully taxable.
 - (2) The base year value of existing eligible property, meaning the value of the property for the year in which the abatement agreement is executed, shall be fully taxable.
 - (3) The additional value of eligible property shall be taxable as provided for by the applicable abatement agreement between the owner and the County.

V. APPLICATION FOR TAX ABATEMENT

- (a) Any present or potential owner of taxable property in Pecos County may request the creation of a reinvestment zone and tax abatement by filing a written request with the County.
- (b) The application shall consist of a completed application form accompanied by:
 - (1) a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements to be undertaken;
 - (2) a descriptive list of the improvements that will be a part of the facility;
 - (3) a map and property description or a site plan;
 - (4) a time schedule for undertaking and completing the planned improvements;
 - (5) for modernized facilities, a statement of the assessed value of the facility,

separately stated for real and personal property, for the tax year immediately preceding the application; and

- (6) financial and other information as deemed appropriate for evaluating the financial capacity and other factors of the applicant.
- (c) Upon receipt of a completed application, the County receiving such application shall notify in writing the presiding officer of the legislative body of each affected jurisdiction. Before acting upon the application, the County shall through public hearings as described below afford the applicant and the designated representative of any affected jurisdiction and any member of the public the opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on an agenda of the legislative body of the County to be posted at least twenty (20) days prior to the hearing.
- (d) The County shall approve or deny the application for tax abatement within sixty (60) days after receipt of the application. The presiding officer of the County shall notify the applicant of the approval or disapproval promptly thereafter.
- (e) Statutory Requirements: Not later than the seventh (7th) day before the date of the hearing, notice of the hearing must be: (1) delivered in writing to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, and (2) published in a newspaper of general circulation in the County. At the hearing, the Commissioners Court evaluates the application against the criteria described in these guidelines and decides by majority vote whether to designate the property for which the abatement is sought as a reinvestment zone. If the reinvestment zone is designated, the Commissioners Court shall pass an order to that effect. An order designating an area as a reinvestment zone is valid for five years from the date of designation. Once the area is designated as a reinvestment zone, the Commissioners Court may then arrange to consider for approval of the tax abatement agreement between the applicant and the county, which it may do at any regularly scheduled meeting, provided notice requirements are met. At least seven days prior to entering into a tax abatement agreement, the County must give written notice of its intent to do so to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, along with a copy of the proposed tax abatement agreement. At the regularly scheduled meeting, the Commissioners Court may finally vote by simple majority to enter into the tax abatement agreement, or to decline.
- (f) Expedited consideration of application. If the County determines that the application should receive expedited consideration, the Commissioners Court may combine the steps described in the preceding paragraph into a single, regularly scheduled meeting of the Commissioners Court, provided the County meets the procedural prerequisites for each step.

- (g) A request for a reinvestment zone for the purpose of abatement shall not be granted if the County finds that the request for the abatement was filed after commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion, or new facility.
- (h) Variance. Requests for variance from the provisions of Subsections (a) through (e) of Part IV may be made in written form to the County Commissioners Court. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of the request for variance requires a three-fourths (3/4) vote of the County Commissioners Court.

VI. PUBLIC HEARING

- (a) If, after a public hearing, the County Commissioners Court weighs the relevant factors listed in these guidelines and determines that granting the abatement is not in the best interests of the County, the Court shall deny the abatement.
- (b) Neither a reinvestment zone nor an abatement agreement shall be authorized if it is determined that:
 - (1) There would be a substantial and unreasonable adverse affect on the provision of government services or the overall tax base of the County.
 - (2) The applicant has insufficient financial capacity.
 - (3) Planned or potential use of the property would constitute a hazard to public safety, health, or morals.
 - (4) Planned or potential use of the property violates any other governmental codes or any applicable law.

VII. AGREEMENT

- (a) After approval of the tax abatement application, the County shall formally pass a resolution and execute an agreement with the owner of the facility and the lessee involved, if any, which shall include:
 - (1) Estimated value to be abated and the base year value.
 - (2) Percent of value to be abated each year.
 - (3) The commencement date and the termination date of abatement.
 - (4) The proposed use of the facility, nature of construction, time schedule for undertaking and completing the planned improvements, map, property description, and improvements list.

- (5) Contractual obligations in the event of default, including a provision for cancellation and recapture of delinquent taxes, provisions for administration and assignment as provided herein, and any other provision that may be required for uniformity or by state law.
 - (6) Performance criteria for continuation of the abatement.
 - (7) Amount of investment and average number of jobs involved for the period of abatement.
 - (8) A provision that the contract shall meet all of the requirements of Texas Property Tax Code Chapter 312.
- (b) Such agreement shall be executed within sixty (60) days after approval of the agreement.
 - (c) The County shall make its own determination of abatement which shall not bind any other affected taxing entity.

VIII. RECAPTURE

- (a) In the event that the facility is completed and begins producing product or service, but subsequently discontinues production of product or service for any reason other than fire, explosion, or other casualty or accident or natural disaster for a period of more than one (1) year during the abatement period, then the agreement shall terminate and so shall the abatement of taxes for the calendar year during which the agreement is terminated. The taxes otherwise abated for that calendar year shall be paid to the County within sixty (60) days from the date of termination.
- (b) Should the County determine that the owner is in default of the agreement, the County shall notify the owner of the defect in writing at the address stated in the agreement, and if such defect is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement shall be terminated. Where cure of the proposed defect requires action undertaken over a period of time, the contract will not be considered to be in default if the performing party has undertaken efforts to cure the defect and is diligently pursuing those efforts.
- (c) In the event that the company or individual:
 - (1) allows its ad valorem taxes owed the County to become delinquent, and to remain delinquent for a period of thirty (30) days following notice of the delinquency without instituting proper legal procedures for their protest and/or contest; or

- (2) violates in a way any of the terms and conditions of the abatement agreement and fails to cure same during the Cure Period;

the agreement shall be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination. A failure to abide by estimated timelines for construction will not be considered to be a material breach of this agreement, provided the owner makes a reasonable effort to meet the estimated timeline.

IX. ADMINISTRATION

- (a) The Chief Appraiser of the Pecos County Appraisal District shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year the company or individual receiving the abatement shall furnish the designee of the County with such information as may be necessary to determine continued eligibility for abatement. Once the value has been established, the Chief Appraiser shall notify the County of the amount of assessment. Additionally, the County designee shall notify the County of the number of new or retained employees associated with the facility or generated by the abatement agreement. Once value has been established, the Chief Appraiser shall notify the affected taxing jurisdictions of the amount of the assessment.
- (b) The agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to prevent unreasonable interference with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the owner in accordance with its safety standards.
- (c) Upon completion of construction the County shall annually evaluate each facility and report possible violations of the contract and/or agreement to the County.
- (d) All proprietary information acquired by the County for purposes of monitoring compliance with the terms and conditions of an abatement agreement shall be considered confidential.

X. ASSIGNMENT

- (a) Abatement may be transferred and assigned by the owner to a new owner of the same property upon approval by resolution of the County Commissioners Court, subject to the financial capacity of the assignee and provided that the agreement is modified to substitute the assignee as a party to the agreement.
- (b) Any such modification shall not exceed the termination date of the abatement

agreement with the original owner.

- (c) No assignment or transfer shall be approved if either the parties to the existing agreement or the proposed assignee is liable to the County for outstanding taxes or other obligations.
- (d) Approval shall not be unreasonably withheld. Upon a finding that the proposed assignee is capable of performing the obligations under the agreement, financially and otherwise, approval of the assignment will not be withheld.

XI. SUNSET PROVISION

- (a) These guidelines are effective upon the date of their adoption and will remain in force for two (2) years, at which time all reinvestment zones and tax abatement contracts created pursuant to its agreements will be reviewed by the County to determine whether the goals of these guidelines and the Tax Abatement Statute have been achieved. Based on that review, these guidelines may be modified, renewed or eliminated. Such actions shall not affect existing contracts.
- (b) Prior to the date for review, as defined above, these Guidelines may be modified by a two-thirds (2/3) vote of the County Commissioners Court, as provided for by the laws of the State of Texas.

XII. SEVERABILITY AND LIMITATIONS

- (a) In the event that any section, clause, sentence, paragraph, or any part of these guidelines is, for any reason, adjudged by any court of competent jurisdiction to be invalid, such invalidity shall not affect, impair, or invalidate the remainder of the guidelines.
- (b) Property that is in a reinvestment zone and that is owned or leased by a member of the County Commissioners Court is excluded from property tax abatement.
- (c) If this Guideline Statement has omitted any mandatory requirement of the applicable tax abatement laws of the State of Texas, then such requirement is hereby incorporated as a part of these guidelines.

XIII. These Guidelines and Criteria do not affect the County's right to enter into abatement agreements for property located within the City of Fort Stockton pursuant to the existing agreement between the County and the City, regardless of whether such abatement agreements meet the criteria announced by these Guidelines.

Attachment

Y

Certificate of Account Status



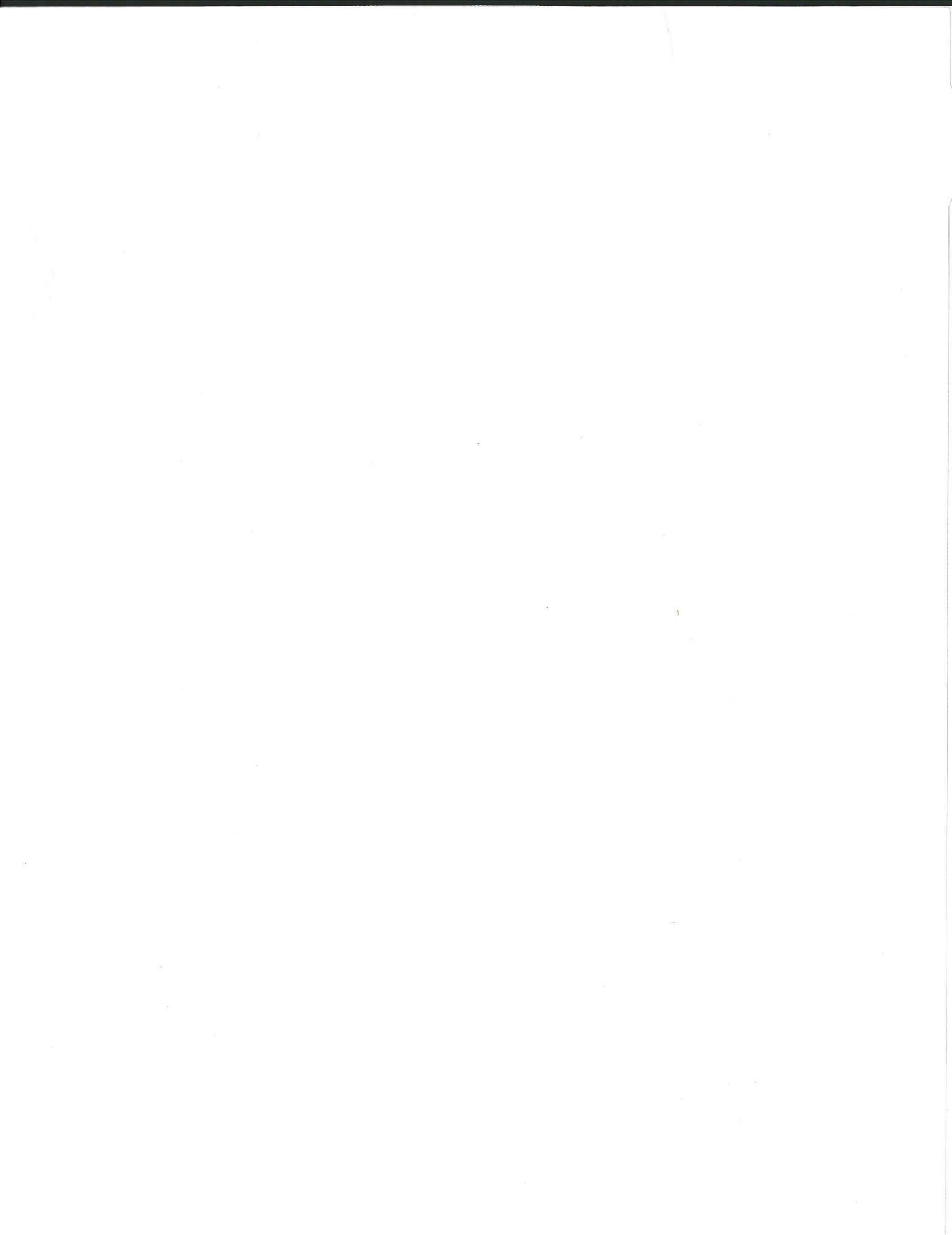
Franchise Tax Account Status

As of: 06/06/2013 09:37:35 AM

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

NUEVO MIDSTREAM, LLC

Texas Taxpayer Number	32043958548
Mailing Address	1331 LAMAR ST STE 1450 HOUSTON, TX 77010-3122
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	04/01/2011
Texas SOS File Number	0801406599
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	350 NORTH ST. PAUL ST., STE. 2900 DALLAS, TX 75201



Attachment B

Certificate of Account Status



Franchise Tax Account Status

As of: 11/25/2013 01:29:33 PM

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

NUEVO MIDSTREAM, LLC	
Texas Taxpayer Number	32043958548
Mailing Address	1331 LAMAR ST STE 1450 HOUSTON, TX 77010-3122
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	04/01/2011
Texas SOS File Number	0801406599
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Attachment C

State Comptroller's Recommendation

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



November 5, 2013

Clarke Boyd
Superintendent
Pecos-Barstow-Toyah Independent School District
1302 South Park Street
Pecos, Texas 79772

Dear Superintendent Boyd:

On September 25, 2013, the Comptroller received the completed application (Application # 338) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in July 2013 to the Pecos-Barstow-Toyah Independent School District (the school district) by Nuevo Midstream, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

- 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 make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 2 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$70 million) is consistent with the proposed appraised value limitation sought (\$20 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a manufacturing facility in Reeves County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described in the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

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

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

Note that any new building or other improvement existing as of the application review start date of September 25, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The limitation agreement must contain provisions that require:
 - a. the applicant to provide sufficient information to the Central Appraisal District (CAD) to distinguish between and separately appraise qualified property (as defined by 313.021(2)) from any property that is not qualified;
 - b. the school district to confirm with the CAD that the applicant has provided such information; and
 - c. that the Comptroller is provided with the CAD approved information no later than the first annual reporting period following the execution of the agreement;
- 3) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 4) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 5) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood



Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Nuevo Midstream, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Pecos-Barstow-Toyah ISD
2011-12 Enrollment in School District	2,165
County	Reeves
Total Investment in District	\$70,000,000
Qualified Investment	\$70,000,000
Limitation Amount	\$20,000,000
Number of total jobs committed to by applicant	10
Number of qualifying jobs committed to by applicant	8
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$965
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$965
Minimum Annual Wage committed to by applicant for qualified jobs	\$50,187
Investment per Qualifying Job	\$8,750,000
Estimated 15 year M&O levy without any limit or credit:	\$6,610,551
Estimated gross 15 year M&O tax benefit	\$2,784,492
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$2,728,814
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$416,000
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$3,881,737
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	41.3%
Percentage of tax benefit due to the limitation	85.1%
Percentage of tax benefit due to the credit.	14.9%

This presents the Comptroller's economic impact evaluation of Nuevo Midstream, LLC (the project) applying to Pecos-Barstow-Toyah Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create 10 new jobs when fully operational. Eight of these jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Permian Basin Regional Planning Council Region, where Reeves County is located was \$45,624 in 2012. The annual average manufacturing wage for 2012 for Reeves County is \$15,600. That same year, the county annual average wage for all industries was \$33,904. In addition to an annual average salary of \$50,187 each qualifying position will receive benefits such as health insurance, vision coverage, dental coverage, flexible spending accounts, 401(k), life insurance and disability insurance. The project's total investment is \$70 million, resulting in a relative level of investment per qualifying job of \$8.75 million.

Ability of applicant to locate to another state and [313.026(9)]

According to Nuevo Midstream, LLC's application, "Nuevo Midstream, LLC currently operates and is expanding with hundreds of miles of gathering lines in two states. They allocate capital investment to projects and locations that create the best economic return. The existence of a limitation on tax value is a significant factor in calculating the economic return and allocation of reserves to the project. However, Nuevo Midstream, LLC could redirect its expenditures to build the plant in Eddy County, New Mexico and Culberson County, Texas."

Number of new facilities in region [313.026(12)]

During the past two years, 12 projects in the Permian Basin Regional Planning Council Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Nuevo Midstream, LLC project requires appear to be in line with the focus and themes of the plan. Texas identified manufacturing as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the manufacturing industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts Nuevo Midstream, LLC'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 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Nuevo Midstream, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	75	78	153	\$3,764,025	\$5,235,975	\$9,000,000
2014	85	110	195	\$4,265,895	\$7,734,105	\$12,000,000
2015	10	38	48	\$501,870	\$3,498,130	\$4,000,000
2016	10	33	43	\$501,870	\$3,498,130	\$4,000,000
2017	10	31	41	\$501,870	\$3,498,130	\$4,000,000
2018	10	29	39	\$501,870	\$2,498,130	\$3,000,000
2019	10	29	39	\$501,870	\$2,498,130	\$3,000,000
2020	10	29	39	\$501,870	\$3,498,130	\$4,000,000
2021	10	31	41	\$501,870	\$3,498,130	\$4,000,000
2022	10	29	39	\$501,870	\$3,498,130	\$4,000,000
2023	10	29	39	\$501,870	\$3,498,130	\$4,000,000
2024	10	27	37	\$501,870	\$3,498,130	\$4,000,000
2025	10	33	43	\$501,870	\$3,498,130	\$4,000,000
2026	10	31	41	\$501,870	\$3,498,130	\$4,000,000
2027	10	33	43	\$501,870	\$3,498,130	\$4,000,000
2028	10	31	41	\$501,870	\$4,498,130	\$5,000,000

Source: CPA, REMI, Nuevo Midstream, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Pecos-Barstow-Toyah ISD's ad valorem tax base in 2012-2013 was \$1.17 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Pecos-Barstow-Toyah ISD's estimated wealth per WADA was \$396,853. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Reeves County and Reeves County Hospital District with all property tax incentives sought being granted using estimated market value from Nuevo Midstream, LLC's application. Nuevo Midstream, LLC has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the Nuevo Midstream, LLC project on the region if all taxes are assessed.

Table 2 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	Pecos-Barstow-Toyah ISD I&S Levy	Pecos-Barstow-Toyah ISD M&O Levy	Pecos-Barstow-Toyah ISD M&O and I&S Tax Levies (Before Credit Credited)	Pecos-Barstow-Toyah ISD M&O and I&S Tax Levies (After Credit Credited)	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	Estimated Total Property Taxes
				0.114000	1.040000			0.251520	0.350525	
2014	\$15,000,000	\$15,000,000		\$17,100	\$156,000	\$173,100	\$173,100	\$30,182	\$52,579	\$255,861
2015	\$60,000,000	\$60,000,000		\$68,400	\$624,000	\$692,400	\$692,400	\$120,730	\$210,315	\$1,023,445
2016	\$57,600,000	\$20,000,000		\$65,664	\$208,000	\$273,664	\$273,664	\$115,900	\$201,902	\$591,467
2017	\$54,720,000	\$20,000,000		\$62,381	\$208,000	\$270,381	\$210,952	\$110,105	\$191,807	\$512,864
2018	\$51,984,000	\$20,000,000		\$59,262	\$208,000	\$267,262	\$207,833	\$104,600	\$182,217	\$494,650
2019	\$49,384,800	\$20,000,000		\$56,299	\$208,000	\$264,299	\$204,870	\$124,213	\$173,106	\$502,188
2020	\$46,915,560	\$20,000,000		\$53,484	\$208,000	\$261,484	\$202,055	\$118,002	\$164,451	\$484,508
2021	\$44,569,782	\$20,000,000		\$50,810	\$208,000	\$258,810	\$199,381	\$112,102	\$156,228	\$467,711
2022	\$42,341,293	\$20,000,000		\$48,269	\$208,000	\$256,269	\$196,840	\$106,497	\$148,417	\$451,754
2023	\$40,224,228	\$20,000,000		\$45,856	\$208,000	\$253,856	\$194,427	\$101,172	\$140,996	\$436,595
2024	\$38,213,017	\$38,213,017		\$43,563	\$397,415	\$440,978	\$440,978	\$96,113	\$133,946	\$671,038
2025	\$36,302,366	\$36,302,366		\$41,385	\$377,545	\$418,929	\$418,929	\$91,308	\$127,249	\$637,486
2026	\$34,487,248	\$34,487,248		\$39,315	\$358,667	\$397,983	\$397,983	\$86,742	\$120,886	\$605,612
2027	\$32,762,885	\$32,762,885		\$37,350	\$340,734	\$378,084	\$378,084	\$82,405	\$114,842	\$575,331
2028	\$31,124,741	\$31,124,741		\$35,482	\$323,697	\$359,180	\$359,180	\$78,285	\$109,100	\$546,564
						Total	\$4,550,674	\$1,478,357	\$2,228,042	\$8,257,072

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Nuevo Midstream, LLC

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate	Pecos-Barstow-Toyah ISD I&S Levy	Pecos-Barstow-Toyah ISD M&O Levy	Pecos-Barstow-Toyah ISD M&O and I&S Tax Levies	Reeves County Tax Levy	Reeves County Hospital District Tax Levy	Estimated Total Property Taxes	
				0.114000	1.040000		0.251520	0.350525		
2014	\$15,000,000	\$15,000,000		\$17,100	\$156,000	\$173,100	\$37,728	\$52,579	\$263,407	
2015	\$60,000,000	\$60,000,000		\$68,400	\$624,000	\$692,400	\$150,912	\$210,315	\$1,053,627	
2016	\$57,600,000	\$57,600,000		\$65,664	\$599,040	\$664,704	\$144,876	\$201,902	\$1,011,482	
2017	\$54,720,000	\$54,720,000		\$62,381	\$569,088	\$631,469	\$137,632	\$191,807	\$960,908	
2018	\$51,984,000	\$51,984,000		\$59,262	\$540,634	\$599,895	\$130,750	\$182,217	\$912,862	
2019	\$49,384,800	\$49,384,800		\$56,299	\$513,602	\$569,901	\$124,213	\$173,106	\$867,219	
2020	\$46,915,560	\$46,915,560		\$53,484	\$487,922	\$541,406	\$118,002	\$164,451	\$823,858	
2021	\$44,569,782	\$44,569,782		\$50,810	\$463,526	\$514,335	\$112,102	\$156,228	\$782,665	
2022	\$42,341,293	\$42,341,293		\$48,269	\$440,349	\$488,619	\$106,497	\$148,417	\$743,532	
2023	\$40,224,228	\$40,224,228		\$45,856	\$418,332	\$464,188	\$101,172	\$140,996	\$706,356	
2024	\$38,213,017	\$38,213,017		\$43,563	\$397,415	\$440,978	\$96,113	\$133,946	\$671,038	
2025	\$36,302,366	\$36,302,366		\$41,385	\$377,545	\$418,929	\$91,308	\$127,249	\$637,486	
2026	\$34,487,248	\$34,487,248		\$39,315	\$358,667	\$397,983	\$86,742	\$120,886	\$605,612	
2027	\$32,762,885	\$32,762,885		\$37,350	\$340,734	\$378,084	\$82,405	\$114,842	\$575,331	
2028	\$31,124,741	\$31,124,741		\$35,482	\$323,697	\$359,180	\$78,285	\$109,100	\$546,564	
						Total	\$7,335,169	\$1,598,736	\$2,228,042	\$11,161,947

Source: CPA, Nuevo Midstream, LLC

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$6,610,551. The estimated gross 15 year M&O tax benefit, or levy loss, is \$2,784,492.

Attachment 3 is an economic overview of Reeves County.

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.



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael Williams
Commissioner

October 30, 2013

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Nuevo Midstream LLC project on the number and size of school facilities in Pecos-Barstow-Toya Independent School District (PBTISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the PBTISD superintendent, Clarke Boyd, the TEA has found that the Nuevo Midstream LLC project would 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 need further information about this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", followed by a horizontal line.

Al McKenzie, Manager
Foundation School Program Support

AM/rk



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael Williams
Commissioner

October 30, 2013

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed Nuevo Midstream LLC project for the Pecos-Barstow-Toyah Independent School District (PBTISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Nuevo Midstream LLC project on PBTISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie".

Al McKenzie, Manager
Foundation School Program Support

AM/rk

Reeves County

Population

- Total county population in 2010 for Reeves County: 11,197 , up 0.5 percent from 2009. State population increased 1.8 percent in the same time period.
- Reeves County was the state's 159th largest county in population in 2010 and the 144th fastest growing county from 2009 to 2010.
- Reeves County's population in 2009 was 23.8 percent Anglo (below the state average of 46.7 percent), 2.4 percent African-American (below the state average of 11.3 percent) and 72.6 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Reeves County:

Pecos:	7,782	Balmorhea:	445
Toyah:	85		

Economy and Income

Employment

- September 2011 total employment in Reeves County: 4,282 , up 1.4 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Reeves County unemployment rate: 10.7 percent, up from 10.2 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

- Reeves County's ranking in per capita personal income in 2009: 225th with an average per capita income of \$26,779, up 3.4 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Reeves County averaged \$19.96 million annually from 2007 to 2010. County total agricultural values in 2010 were up 6.3 percent from 2009. Major agriculture related commodities in Reeves County during 2010 included:
 - Pecans ▪ Hay ▪ Other Crop ▪ Other Beef ▪ Alfalfa
- 2011 oil and gas production in Reeves County: 1.2 million barrels of oil and 17.8 million Mcf of gas. In September 2011, there were 814 producing oil wells and 295 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Reeves County during the fourth quarter 2010: \$19.03 million, up 11.7 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Pecos:	\$17.08 million, up 18.7 percent from the same quarter in 2009.
Balmorhea:	\$147,104.00, up 1.1 percent from the same quarter in 2009.
Toyah:	\$0.00, down 100.0 percent from the same quarter in 2009.

Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Reeves County through the fourth quarter of 2010: \$74.63 million, up 12.7 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Pecos:	\$64.83 million, up 13.8 percent from the same period in 2009.
Balmorhea:	\$607,936.00, up 31.4 percent from the same period in 2009.
Toyah:	\$15,498.00, down 65.2 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Reeves County during 2010: \$74.63 million, up 12.7 percent from 2009.
- Reeves County sent an estimated \$4.66 million (or 0.03 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Pecos:	\$64.83 million, up 13.8 percent from 2009.
Balmorhea:	\$607,936.00, up 31.4 percent from 2009.

Toyah: \$15,498.00, down 65.2 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Reeves County based on the sales activity month of August 2011: \$155,949.11, up 64.2 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Pecos:	\$151,890.73, up 65.0 percent from August 2010.
Balmorhea:	\$3,265.00, up 38.0 percent from August 2010.
Toyah:	\$793.38, up 41.6 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Reeves County based on sales activity months from September 2010 through August 2011: \$1.50 million, up 25.0 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Pecos:	\$1.46 million, up 25.2 percent from fiscal 2010.
Balmorhea:	\$31,818.20, up 15.2 percent from fiscal 2010.
Toyah:	\$6,552.46, up 44.9 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Reeves County based on sales activity months through August 2011: \$1.06 million, up 31.9 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Pecos:	\$1.03 million, up 32.3 percent from the same period in 2010.
Balmorhea:	\$22,146.10, up 10.0 percent from the same period in 2010.
Toyah:	\$5,025.93, up 67.1 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Reeves County based on sales activity in the 12 months ending in August 2011: \$1.50 million, up 25.0 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Pecos:	\$1.46 million, up 25.2 percent from the previous 12-month period.
Balmorhea:	\$31,818.20, up 15.2 percent from the previous 12-month period.
Toyah:	\$6,552.46, up 44.9 percent from the previous 12-month period.

■ **City Calendar Year-To-Date (RJ 2011)**

- Payment to the cities from January 2011 through October 2011:

Pecos:	\$1.26 million, up 30.1 percent from the same period in 2010.
Balmorhea:	\$26,620.99, up 13.2 percent from the same period in 2010.
Toyah:	\$5,810.59, up 52.4 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Reeves County based on sales activity months in 2010: \$1.24 million, up 8.8 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Pecos:	\$1.21 million, up 9.0 percent from 2009.
Balmorhea:	\$29,796.84, up 20.9 percent from 2009.
Toyah:	\$4,534.63, down 49.4 percent from 2009.

Property Tax

- As of January 2009, property values in Reeves County: \$812.61 million, down 10.1 percent from January 2008 values. The property tax base per person in Reeves County is \$73,566, below the statewide average of \$85,809. About 46.8 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Reeves County's ranking in state expenditures by county in fiscal year 2010: 154th. State expenditures in the county for FY2010: \$45.41 million, up 0.1 percent from FY2009.
- In Reeves County, 9 state agencies provide a total of 82 jobs and \$850,501.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Transportation
 - Department of Public Safety
 - Health & Human Services Commission
 - Parks & Wildlife Department
 - AgriLife Research

Higher Education

- Community colleges in Reeves County fall 2010 enrollment:
 - None.
- Reeves County is in the service area of the following:
 - Odessa College with a fall 2010 enrollment of 5,211 . Counties in the service area include:
 - Andrews County
 - Brewster County
 - Crane County
 - Culberson County
 - Ector County
 - Gaines County
 - Jeff Davis County
 - Loving County
 - Presidio County
 - Reeves County
 - Upton County
 - Ward County
 - Winkler County
- Institutions of higher education in Reeves County fall 2010 enrollment:
 - None.

School Districts

- Reeves County had 2 school districts with 6 schools and 2,352 students in the 2009-10 school year.
(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
 - Balmorhea ISD had 159 students in the 2009-10 school year. The average teacher salary was \$39,812. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
 - Pecos-Barstow-Toyah ISD had 2,193 students in the 2009-10 school year. The average teacher salary was \$45,629. The percentage of students meeting the 2010 TAKS passing standard for all tests was 61 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED NUEVO
MIDSTREAM, LLC PROJECT ON THE FINANCES OF THE PECOS-
BARTOW-TOYAH INDEPENDENT SCHOOL DISTRICT UNDER A
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

August 19, 2013

Final Report

PREPARED BY



Estimated Impact of the Proposed Nuevo Midstream, LLC Project on the Finances of the Pecos-Bartow-Toyah Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Nuevo Midstream, LLC (Nuevo Midstream) has requested that the Pecos-Bartow-Toyah Independent School District (PBTISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to PBTISD on July 18, 2013, Nuevo Midstream proposes to invest \$70 million to construct a new natural gas processing plant in PBTISD.

The Nuevo Midstream project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, PBTISD may offer a minimum value limitation of \$20 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2014-15 and 2015-16 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2014-15 and 2015-16 school years. Beginning with the 2016-17 school year, the project would go on the local tax roll at \$20 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project would be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with PBTISD currently levying a \$0.114 per \$100 I&S tax rate. The full value of the investment is expected to reach \$60 million in the 2015-16 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement. The additional taxable value will assist PBTISD in meeting its debt service needs.

In the case of the Nuevo Midstream project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. PBTISD would experience a revenue losses as a result of the implementation of the value limitation in the 2016-17 school year that are expected to total \$55,678, with very modest annual revenue losses over the eight limitation years.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$2.7 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct its property value study and the audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state M&O property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted during the First Called Session in 2011 made \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 781 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 243 districts operated directly on the state formulas. For the 2012-13 school year, the changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula, with 689 districts operating on formula and 335 districts still receiving ASATR funding.

Senate Bill 1 and House Bill 1025 as passed by the 83rd Legislature made significant increases to the basic allotment and other formula changes by appropriation. The ASATR reduction percentage is increased slightly to 92.63 percent, while the basic allotment is increased by \$325 and \$365, respectively, for the 2013-14 and 2014-15 school years. A slight increase in the guaranteed yield for the 6 cents above compressed—known as the Austin yield—is also included. With the basic allotment increase, it is estimated that approximately 300 school districts will still receive ASATR in the 2013-14 school year and 273 districts would do so in the 2014-15 school year. Current state policy calls for ASATR funding to be eliminated by the 2017-18 school year.

PBTISD is classified as a hold-harmless or target revenue district for the 2014-15 through the 2016-17 school years. The District is expected to receive ASATR funds in each of those years.

One concern in projecting into the future is that the underlying state statutes in the Education Code were not changed in order to provide these funding increases. All of the major formula changes were made by appropriation, which gives them only a two-year lifespan unless renewed in the 2015 legislative session. Despite this uncertainty, it is assumed that these changes will remain in effect for the forecast period for the purpose of these estimates, assuming a continued legislative commitment to these funding levels in future years.

A key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Nuevo Midstream project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The SB 1 basic allotment increases are reflected in the underlying models. With regard to ASATR funding the 92.63 percent reduction enacted for the 2013-14 school year and thereafter, until the 2017-18 school year. A statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the Nuevo Midstream, LLC project are factored into the base model used here in order to simulate the financial impact of having the project constructed in the absence of a value limitation agreement. The impact of the limitation value for the proposed Nuevo Midstream project is isolated separately and the focus of this analysis. Also, the previously-approved Chapter 313 agreement for the Southern Union Red Bluff Gas Processing Plant is factored into both the base and limitation models to control for its impact on the finances of PBTISD.

Student enrollment counts are held constant at 2,115 students in average daily attendance (ADA) in analyzing the effects of the Nuevo Midstream project on the finances of PBTISD. The District's local tax base reached \$1.9 billion for the 2012 tax year based on the state input data and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 is used throughout this analysis. PBTISD has estimated state property wealth per weighted ADA or WADA of approximately \$618,043 for the 2013-14 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for PBTISD under the assumptions outlined above through the 2028-29 school year. Beyond the 2014-15 school year, no attempt was made to forecast the

88th percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a model is established to make a calculation of the “Baseline Revenue” by adding the value of the proposed Nuevo Midstream facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the Nuevo Midstream value but imposes the proposed property value limitation effective in the third year, which in this case is the 2016-17 school year. The results of this model are identified as “Value Limitation Revenue Model” under the revenue protection provisions of the proposed agreement (see Table 3). A summary of the differences between these models is shown in Table 4.

Under these assumptions, PBTISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$15,021). The revenue reduction results chiefly from the mechanics of the one-year lag in state-assigned property values associated with the state property value study.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.63 percent adjustment adopted for the 2013-14 school year. It is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2016-17 school year. The formula loss of \$15,021 cited above between the base and the limitation models is based on an assumption that Nuevo Midstream would receive M&O tax savings of \$391,040 when the \$20 million limitation is implemented. Under the estimates presented here and highlighted in Table 4, an increase in ASATR funding off \$299,967 and a reduction in recapture costs of \$76,051 would offset nearly all of the reduction in M&O taxes in the first year the value limitation is in effect.

In general, the ASATR offset poses little financial risk to the school district as a result of the adoption of the value limitation agreement. But a significant reduction of ASATR funding prior to the assumed 2017-18 school year elimination of these funds could reduce the residual tax savings in the first year that the \$20 million value limitation takes effect.

The Comptroller’s state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. Two state property value determinations are made for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2013-14 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$2.4 million over the life of the agreement. In addition, Nuevo Midstream would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$0.4 million over the course of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key PBTISD revenue losses are expected to total approximately \$55,678 over the eight limitation years under the agreement. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$2.7 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the agreement, there would still be a substantial tax benefit to Nuevo Midstream under the value limitation agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The Nuevo Midstream project remains fully taxable for debt services taxes, with PBTISD currently levying a \$0.114 I&S rate. The value of the Nuevo Midstream project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to increase the District's projected wealth per ADA to \$953,813 in the peak year of I&S taxable project value.

The Nuevo Midstream project is not expected to affect PBTISD in terms of enrollment. The project is expected to add 10 full-time positions once it begins operations. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Conclusion

The proposed Nuevo Midstream manufacturing project enhances the tax base of PBTISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$2.7 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of PBTISD in meeting its future debt service obligations.

Table 1 – Base District Information with Nuevo Midstream, LLC Project Value and Limitation Values

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
Pre-Year 1	2013-14	2,215.00	3,131.33	\$1.0400	\$0.1140	\$2,040,431,727	\$2,040,431,727	\$1,935,296,059	\$1,935,296,059	\$618,043	\$618,043
1	2014-15	2,215.00	3,131.69	\$1.0400	\$0.1140	\$1,966,631,727	\$1,966,631,727	\$2,034,096,059	\$2,034,096,059	\$649,520	\$649,520
2	2015-16	2,215.00	3,131.69	\$1.0400	\$0.1140	\$2,011,631,727	\$2,011,631,727	\$1,960,296,059	\$1,960,296,059	\$625,954	\$625,954
3	2016-17	2,215.00	3,131.69	\$1.0400	\$0.1140	\$2,009,231,727	\$1,971,631,727	\$2,005,296,059	\$2,005,296,059	\$640,324	\$640,324
4	2017-18	2,215.00	3,131.69	\$1.0400	\$0.1140	\$2,006,351,727	\$1,971,631,727	\$2,002,896,059	\$1,965,296,059	\$639,557	\$627,551
5	2018-19	2,215.00	3,131.69	\$1.0400	\$0.1140	\$2,003,615,727	\$1,971,631,727	\$2,000,016,059	\$1,965,296,059	\$638,638	\$627,551
6	2019-20	2,215.00	3,131.69	\$1.0400	\$0.1140	\$2,001,016,527	\$1,971,631,727	\$1,997,280,059	\$1,965,296,059	\$637,764	\$627,551
7	2020-21	2,215.00	3,131.69	\$1.0400	\$0.1140	\$1,998,547,287	\$1,971,631,727	\$1,994,680,859	\$1,965,296,059	\$636,934	\$627,551
8	2021-22	2,215.00	3,131.69	\$1.0400	\$0.1140	\$1,996,201,509	\$1,971,631,727	\$1,992,211,619	\$1,965,296,059	\$636,145	\$627,551
9	2022-23	2,215.00	3,131.69	\$1.0400	\$0.1140	\$2,078,829,479	\$2,056,488,186	\$1,989,865,841	\$1,965,296,059	\$635,396	\$627,551
10	2023-24	2,215.00	3,131.69	\$1.0400	\$0.1140	\$2,073,866,720	\$2,053,642,492	\$2,072,493,811	\$2,050,152,518	\$661,781	\$654,647
11	2024-25	2,215.00	3,131.69	\$1.0400	\$0.1140	\$2,069,095,187	\$2,069,095,187	\$2,067,531,052	\$2,047,306,824	\$660,196	\$653,738
12	2025-26	2,215.00	3,131.69	\$1.0400	\$0.1140	\$2,064,507,022	\$2,064,507,022	\$2,062,759,519	\$2,062,759,519	\$658,673	\$658,673
13	2026-27	2,215.00	3,131.69	\$1.0400	\$0.1140	\$2,060,094,716	\$2,060,094,716	\$2,058,171,354	\$2,058,171,354	\$657,207	\$657,207
14	2027-28	2,215.00	3,131.69	\$1.0400	\$0.1140	\$2,055,851,081	\$2,055,851,081	\$2,053,759,048	\$2,053,759,048	\$655,799	\$655,799
15	2028-29	2,215.00	3,131.69	\$1.0400	\$0.1140	\$2,051,769,243	\$2,051,769,243	\$2,049,515,413	\$2,049,515,413	\$654,443	\$654,443

Table 2– “Baseline Revenue Model”--Project Value Added with No Value Limitation*

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$20,292,210	\$688,908	\$0	-\$3,837,873	\$810,633	\$0	\$0	\$17,953,878
1	2014-15	\$19,568,934	\$724,092	\$971,467	-\$4,165,053	\$781,740	\$0	\$0	\$17,881,180
2	2015-16	\$20,009,956	\$724,092	\$68,993	-\$3,703,601	\$799,358	\$0	\$0	\$17,898,798
3	2016-17	\$19,993,954	\$724,092	\$425,231	-\$4,043,837	\$798,719	\$0	\$0	\$17,898,159
4	2017-18	\$19,965,153	\$724,092	\$0	-\$4,020,123	\$797,568	\$0	\$0	\$17,466,690
5	2018-19	\$19,937,792	\$724,092	\$0	-\$3,993,120	\$796,475	\$0	\$0	\$17,465,240
6	2019-20	\$19,911,799	\$724,092	\$0	-\$3,967,464	\$795,437	\$0	\$0	\$17,463,863
7	2020-21	\$19,887,105	\$724,092	\$0	-\$3,943,089	\$794,450	\$0	\$0	\$17,462,558
8	2021-22	\$19,863,646	\$724,092	\$0	-\$3,919,930	\$793,513	\$0	\$0	\$17,461,321
9	2022-23	\$20,672,995	\$724,092	\$0	-\$4,061,306	\$825,845	\$0	\$0	\$18,161,626
10	2023-24	\$20,623,934	\$724,092	\$0	-\$4,671,272	\$823,885	\$0	\$0	\$17,500,639
11	2024-25	\$20,573,126	\$724,092	\$0	-\$4,624,036	\$821,855	\$0	\$0	\$17,495,037
12	2025-26	\$20,528,159	\$724,092	\$0	-\$4,579,491	\$820,059	\$0	\$0	\$17,492,819
13	2026-27	\$20,484,917	\$724,092	\$0	-\$4,536,649	\$818,332	\$0	\$0	\$17,490,691
14	2027-28	\$20,443,327	\$724,092	\$0	-\$4,495,441	\$816,670	\$0	\$0	\$17,488,648
15	2028-29	\$20,403,323	\$724,092	\$0	-\$4,455,800	\$815,072	\$0	\$0	\$17,486,687

*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

Table 3-- “Value Limitation Revenue Model”--Project Value Added with Value Limit*

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$20,292,210	\$688,908	\$0	-\$3,837,873	\$810,633	\$0	\$0	\$17,953,878
1	2014-15	\$19,568,934	\$724,092	\$971,467	-\$4,165,053	\$781,740	\$0	\$0	\$17,881,180
2	2015-16	\$20,009,956	\$724,092	\$68,993	-\$3,703,601	\$799,358	\$0	\$0	\$17,898,798
3	2016-17	\$19,617,936	\$724,092	\$725,198	-\$3,967,786	\$783,697	\$0	\$0	\$17,883,137
4	2017-18	\$19,617,936	\$724,092	\$0	-\$3,669,220	\$783,697	\$0	\$0	\$17,456,505
5	2018-19	\$19,617,936	\$724,092	\$0	-\$3,669,220	\$783,697	\$0	\$0	\$17,456,505
6	2019-20	\$19,617,936	\$724,092	\$0	-\$3,669,220	\$783,697	\$0	\$0	\$17,456,505
7	2020-21	\$19,617,936	\$724,092	\$0	-\$3,669,220	\$783,697	\$0	\$0	\$17,456,505
8	2021-22	\$19,617,936	\$724,092	\$0	-\$3,669,220	\$783,697	\$0	\$0	\$17,456,505
9	2022-23	\$20,449,571	\$724,092	\$0	-\$3,824,764	\$816,920	\$0	\$0	\$18,165,818
10	2023-24	\$20,421,682	\$724,092	\$0	-\$4,464,452	\$815,805	\$0	\$0	\$17,497,127
11	2024-25	\$20,573,126	\$724,092	\$0	-\$4,476,645	\$821,855	\$0	\$0	\$17,642,428
12	2025-26	\$20,528,159	\$724,092	\$0	-\$4,579,491	\$820,059	\$0	\$0	\$17,492,819
13	2026-27	\$20,484,917	\$724,092	\$0	-\$4,536,649	\$818,332	\$0	\$0	\$17,490,691
14	2027-28	\$20,443,327	\$724,092	\$0	-\$4,495,441	\$816,670	\$0	\$0	\$17,488,648
15	2028-29	\$20,403,323	\$724,092	\$0	-\$4,455,800	\$815,072	\$0	\$0	\$17,486,687

*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

Table 4 – Value Limit less Project Value with No Limit*

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2016-17	-\$376,018	\$0	\$299,967	\$76,051	-\$15,021	\$0	\$0	-\$15,021
4	2017-18	-\$347,217	\$0	\$0	\$350,903	-\$13,871	\$0	\$0	-\$10,185
5	2018-19	-\$319,856	\$0	\$0	\$323,900	-\$12,778	\$0	\$0	-\$8,734
6	2019-20	-\$293,863	\$0	\$0	\$298,244	-\$11,739	\$0	\$0	-\$7,358
7	2020-21	-\$269,169	\$0	\$0	\$273,869	-\$10,753	\$0	\$0	-\$6,053
8	2021-22	-\$245,710	\$0	\$0	\$250,710	-\$9,816	\$0	\$0	-\$4,815
9	2022-23	-\$223,424	\$0	\$0	\$236,542	-\$8,925	\$0	\$0	\$4,192
10	2023-24	-\$202,253	\$0	\$0	\$206,820	-\$8,080	\$0	\$0	-\$3,512
11	2024-25	\$0	\$0	\$0	\$147,391	\$0	\$0	\$0	\$147,391
12	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

Table 5 - Estimated Financial Impact of the Nuevo Midstream, LLC Project Property Value Limitation Request Submitted to PBTISD at \$1.04 M&O Tax Rate

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 Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2013-14	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$15,000,000	\$15,000,000	\$0	\$1.040	\$156,000	\$156,000	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$60,000,000	\$60,000,000	\$0	\$1.040	\$624,000	\$624,000	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$57,600,000	\$20,000,000	\$37,600,000	\$1.040	\$599,040	\$208,000	\$391,040	\$0	\$391,040	-\$15,021	\$376,019
4	2017-18	\$54,720,000	\$20,000,000	\$34,720,000	\$1.040	\$569,088	\$208,000	\$361,088	\$59,429	\$420,517	-\$10,185	\$410,332
5	2018-19	\$51,984,000	\$20,000,000	\$31,984,000	\$1.040	\$540,634	\$208,000	\$332,634	\$59,429	\$392,062	-\$8,734	\$383,328
6	2019-20	\$49,384,800	\$20,000,000	\$29,384,800	\$1.040	\$513,602	\$208,000	\$305,602	\$59,429	\$365,030	-\$7,358	\$357,673
7	2020-21	\$46,915,560	\$20,000,000	\$26,915,560	\$1.040	\$487,922	\$208,000	\$279,922	\$59,429	\$339,350	-\$6,053	\$333,298
8	2021-22	\$44,569,782	\$20,000,000	\$24,569,782	\$1.040	\$463,526	\$208,000	\$255,526	\$59,429	\$314,954	-\$4,815	\$310,139
9	2022-23	\$42,341,293	\$20,000,000	\$22,341,293	\$1.040	\$440,349	\$208,000	\$232,349	\$59,429	\$291,778	\$0	\$291,778
10	2023-24	\$40,224,228	\$20,000,000	\$20,224,228	\$1.040	\$418,332	\$208,000	\$210,332	\$59,429	\$269,761	-\$3,512	\$266,248
11	2024-25	\$38,213,017	\$38,213,017	\$0	\$1.040	\$397,415	\$397,415	\$0	\$0	\$0	\$0	\$0
12	2025-26	\$36,302,366	\$36,302,366	\$0	\$1.040	\$377,545	\$377,545	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$34,487,248	\$34,487,248	\$0	\$1.040	\$358,667	\$358,667	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$32,762,885	\$32,762,885	\$0	\$1.040	\$340,734	\$340,734	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$31,124,741	\$31,124,741	\$0	\$1.040	\$323,697	\$323,697	\$0	\$0	\$0	\$0	\$0
						\$6,610,551	\$4,242,059	\$2,368,492	\$416,000	\$2,784,492	-\$55,678	\$2,728,814

Tax Credit for Value Over Limit in First 2 Years

	Year 1	Year 2	Max Credits
	\$0	\$416,000	\$416,000
Credits Earned			\$416,000
Credits Paid			\$416,000
Excess Credits Unpaid			\$0

***Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project 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.



Attachment F

Taxable Value of Property



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

2012 ISD Summary Worksheet

195/Reeves

195-901/Pecos-Barstow-Toyah ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	738,498,790	1.0335	714,560,997	738,498,790
B. Multi-Family Residences	3,714,030	N/A	3,714,030	3,714,030
C. Vacant Lots	11,317,430	N/A	11,317,430	11,317,430
D. Rural Real(Taxable)	43,907,840	1.0701	41,033,378	43,907,840
F1. Commercial Real	84,870,170	.7966	106,540,510	84,870,170
F2. Industrial Real	5,776,000	N/A	5,776,000	5,776,000
G. Oil, Gas, Minerals	579,758,010	1.0142	571,640,712	579,758,010
J. Utilities	181,851,320	.8960	202,959,063	181,851,320
L1. Commercial Personal	14,586,030	N/A	14,586,030	14,586,030
L2. Industrial Personal	119,586,550	N/A	119,586,550	119,586,550
M. Other Personal	782,440	N/A	782,440	782,440
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0

S. Special Inventory	0	N/A	0	0
Subtotal	1,784,648,610		1,792,497,140	1,784,648,610
Less Total Deductions	545,415,733		529,684,651	545,415,733
Total Taxable Value	1,239,232,877		1,262,812,489	1,239,232,877 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	33,466,450	N/A	33,466,450
Prod Value Qualified Acres	10,441,390	1.3799	7,566,928
Taxable Value	43,907,840		41,033,378

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 T6 will be the same as T7 through T12.

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
1,260,217,317	1,239,232,877	1,260,217,317	1,239,232,877	1,239,232,877	1,239,232,877

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
20,984,440	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

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
1,260,217,317	1,239,232,877	1,260,217,317	1,239,232,877	1,239,232,877	1,239,232,877

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

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 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	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	2,275,900	N/A	2,275,900	2,275,900
B. Multi-Family				

Residences	0	N/A	0	0
C. Vacant Lots	1,761,320	N/A	1,761,320	1,761,320
D. Rural Real(Taxable)	4,481,320	.5149	8,702,549	4,481,320
F1. Commercial Real	68,130	N/A	68,130	68,130
F2. Industrial Real	2,014,840	N/A	2,014,840	2,014,840
G. Oil, Gas, Minerals	627,518,810	1.0072	623,032,973	627,518,810
J. Utilities	30,392,970	N/A	30,392,970	30,392,970
L1. Commercial Personal	530,330	N/A	530,330	530,330
L2. Industrial Personal	28,118,030	N/A	28,118,030	28,118,030
M. Other Personal	212,540	N/A	212,540	212,540
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	697,374,190		697,109,582	697,374,190
Less Total Deductions	1,311,008		1,311,008	1,311,008
Total Taxable Value	696,063,182		695,798,574	696,063,182 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	4,183,960	.5190	8,061,580
Prod Value Qualified Acres	297,360	.4639	640,969
Taxable Value	4,481,320		8,702,549

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 T6 will be the same as T7 through T12.

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
696,617,652	696,063,182	696,617,652	696,063,182	696,063,182	696,063,182

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
554,470	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

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
696,617,652	696,063,182	696,617,652	696,063,182	696,063,182	696,063,182

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

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 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	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	740,774,690	1.0334	716,836,897	740,774,690
B. Multi-Family Residences	3,714,030	N/A	3,714,030	3,714,030
C. Vacant Lots	13,078,750	N/A	13,078,750	13,078,750
D. Rural Real(Taxable)	48,389,160	.9729	49,735,927	48,389,160
F1. Commercial Real	84,938,300	.7967	106,608,640	84,938,300
F2. Industrial Real	7,790,840	N/A	7,790,840	7,790,840
G. Oil, Gas, Minerals	1,207,276,820	1.0105	1,194,673,685	1,207,276,820
J. Utilities	212,244,290	.9095	233,352,033	212,244,290
L1. Commercial Personal	15,116,360	N/A	15,116,360	15,116,360
L2. Industrial Personal	147,704,580	N/A	147,704,580	147,704,580
M. Other Personal	994,980	N/A	994,980	994,980

N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	2,482,022,800		2,489,606,722	2,482,022,800
Less Total Deductions	546,726,741		530,995,659	546,726,741
Total Taxable Value	1,935,296,059		1,958,611,063	1,935,296,059 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	37,650,410	.9066	41,528,030
Prod Value Qualified Acres	10,738,750	1.3083	8,207,897
Taxable Value	48,389,160		49,735,927

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



Attachment G

Participation Agreement

**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

NUEVO MIDSTREAM, LLC

(Texas Taxpayer ID # 32043958548)

TEXAS COMPTROLLER APPLICATION NUMBER 338

Dated

December 17, 2013

**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 **NUEVO MIDSTREAM, LLC**, a Delaware limited liability company (Texas Taxpayer Identification Number 32043958548), hereinafter referred to as the "Applicant." The Applicant and the District are each hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on June 6, 2013, the Superintendent of Schools of the Pecos-Barstow-Toyah Independent School District (the "Superintendent"), acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on July 18, 2013, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Nuevo Midstream, LLC; and,

WHEREAS, on August 14, 2013, the Superintendent acknowledged receipt of the Application and the requisite application fee, pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local), and determined the Application to be complete; and,

WHEREAS, the Application was delivered to the office of the Texas Comptroller of Public Accounts (hereinafter referred to as "Comptroller") for review pursuant to Texas Tax Code § 313.025(d); and,

WHEREAS, on or about September 10, 2013, the Superintendent of Schools of the Pecos-Barstow-Toyah Independent School District, acting as agent of the Board of Trustees, received supplemental Application materials from the Applicant concerning the previously submitted Application, pursuant to Chapter 313 of the Texas Tax Code and the supplemental materials, were delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code §313.025(d); and,

WHEREAS, the Comptroller established September 25, 2013 as the completed Application date; and,

WHEREAS, pursuant to 34 Texas Administrative Code § 9.1054, the Application was delivered for review to the Appraisal District established in Reeves County, Texas (the "Appraisal District"), pursuant to Texas Tax Code § 6.01; and,

WHEREAS, the Comptroller, pursuant to Texas Tax Code § 313.025(d), reviewed the Application, and on November 5, 2013, via letter, recommended that the Application be approved; and,

WHEREAS, the Comptroller conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code, which was presented to the Board of Trustees at the December 17, 2013 public hearing held in connection with the Board of Trustees' consideration of the Application; and,

WHEREAS, the Board of Trustees carefully reviewed the economic impact evaluation pursuant to Texas Tax Code § 313.026, and carefully considered the Comptroller's positive recommendation for the project; and,

WHEREAS, on December 17, 2013, 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; and,

WHEREAS, on December 17, 2013, the Board of Trustees made factual findings pursuant to Texas Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; (iv) each criterion referenced in Texas Tax Code §313.025(e) has been met; and,

WHEREAS, the Pecos-Barstow-Toyah Independent School District qualifies as a rural school district under the provisions of Texas Tax Code § 313.051(a)(2); and,

WHEREAS, on December 17, 2013, the Board of Trustees determined that the Tax Limitation Amount requested by the Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Texas Tax Code, §313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

WHEREAS, the District received written notification, pursuant to 34 Texas Administrative Code § 9.1055(e)(2)(A), that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on November 5, 2013 that the Application be approved; and,

WHEREAS, on December 17, 2013, the Board of Trustees approved the form of this Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the President and Secretary of the Board of Trustees to execute and deliver such Agreement to the Applicant;

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

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. 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 Texas Tax Code § 313.027.

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that the Applicant makes a Qualified Investment in the amount defined in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, the Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2016, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of December 17, 2013 and ending on December 31, 2015 will be referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code § 313.021(4). The Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2023. Except as otherwise provided herein, this Agreement will terminate, in full, on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the

term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Year (Commencing December 17, 2013)	January 1, 2013	2013-14	2013	Start of Qualifying Time Period beginning on Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2016	2016-17	2016	\$ 20 Million property value limitation.
4	January 1, 2017	2017-18	2017	\$ 20 Million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2018	2018-19	2018	\$ 20 Million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2019	2019-20	2019	\$ 20 Million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2020	2020-21	2020	\$ 20 Million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2021	2021-22	2021	\$ 20 Million property value limitation. Possible tax credit

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
				due to Applicant.
9	January 1, 2022	2022-23	2022	\$ 20 Million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2023	2023-24	2023	\$ 20 Million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2024	2024-25	2024	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2025	2025-26	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2026	2026-27	2026	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3. DEFINITIONS

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

“*Act*” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

“*Affiliate*” means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Applicant. For purposes of this definition, control of an entity means (i) the ownership, directly or indirectly, of fifty percent (50%) or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

"Affiliated Group" means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

"Aggregate Limit" means, for any Tax Year of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous years of the Agreement.

"Agreement" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 6.3.

"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 for the applicable school year, as calculated pursuant to Texas Education Code § 42.005, times the greater of \$100, or any larger amount allowed by 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 Tax Year 2013, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

"Applicant" means Nuevo Midstream, LLC, (Texas Taxpayer ID #32043958548), the company listed in the Preamble of this Agreement who, on June 6, 2013, filed with the District the Original Application for an Appraised Value Limitation on Qualified Property, together with the September 10, 2013 supplemental Application materials, pursuant to Chapter 313 of the Texas Tax Code. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest, and their direct and indirect subsidiaries.

"Applicable School Finance Law" means Chapters 41 and 42 of the Texas Education Code; the Texas Economic Development Act (Chapter 313 of the Texas Tax Code); the provisions of Chapter 403; Subchapter M, of the Texas Government Code applicable to the District; the Constitution and general laws of the State applicable to the independent school districts of the State; applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State; and judicial decisions construing or interpreting any or all of the above. The term also includes any amendments or successor statutes that may be adopted in the future which impact or alter the calculation of the Applicant's ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

"Application" means the Original 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 June 6, 2013 together with the September 10, 2013 supplemental Application materials, which have been certified by the Comptroller to collectively constitute a complete final Application as of the date of September 25, 2013. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant to the District or the Comptroller for the purpose of obtaining an

Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

"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.

"Commencement Date" means December 17, 2013, the date upon which this Agreement was approved by the District's Board of Trustees.

"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 at Title 34 Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

"County" means Reeves County, Texas.

"Determination of Breach" shall have the meaning assigned to such term in Section 7.8 of the Agreement

"District" or "School District" means the Pecos-Barstow-Toyah Independent School District, being a duly authorized and operating independent 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 December 31, 2026. However, any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or

otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents Applicant's performance of its obligations under this Agreement.

"Land" shall have the meaning assigned to such term in Section 2.2.

"Maintain Viable Presence" means, after the development and construction of the project described in the Application and in the description of the Applicant's Qualified Investment and Qualified Property as set forth in Section 2.3, below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; (ii) the maintenance of at least the number of New Jobs required by Chapter 313 of the Texas Tax Code from the time they are created until the Final Termination Date; and (iii) the maintenance of at least the number of Qualifying Jobs set forth in the Application from the time they are created until the Final Termination Date.

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 of the Agreement.

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code § 45.002 and Article VII § 3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"Net Aggregate Limit" means, for any Tax Year of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous years of the Agreement, less all amounts previously paid by the Applicant to or on behalf of the District under Article IV, below.

"Net Tax Benefit" means, (i) the amount of maintenance and operations *ad valorem* taxes which the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Texas Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) 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 of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

"New Jobs" means the total number of jobs, defined by 34 Texas Administrative Code § 9.1051, which the Applicant will create in connection with the project which is the subject of its Application. In accordance with the requirements of Texas Tax Code § 313.024(d), Eighty Percent (80%), of all New Jobs created by the Applicant on the project shall also be Qualifying Jobs, as defined below.

"Qualified Investment" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Jobs" means the number of New Jobs the Applicant will create in connection with the project which is the subject of its Application, which meet the requirements of Texas Tax Code §313.021(3).

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Time Period" means the period that begins on the Commencement Date of December 17, 2013 and ends on December 31, 2015.

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"State" means the State of Texas.

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to the Application, the evaluation or consideration of the Application, or this

Agreement or implementation of this Agreement for Limitation of Appraised Value pursuant to Chapter 313 of the Texas Tax Code. The term includes, but is not limited to, the Application and any amendments or supplements, any economic impact evaluation made in connection with the Application, this Agreement between the Applicant and the District and any subsequent amendments or assignments, any school district written finding or report filed with the Comptroller as required by Comptroller's Rule, and any application requesting school tax credits under Texas Tax Code, § 313.103.

"Tax Credit" means the tax credit, either to be paid by the District to the Applicant, or to be applied against any taxes that the District imposes on Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that the Applicant complies with the requirements under such provisions, including the timely filing of a completed application under Texas Tax Code § 313.103 and the duly adopted administrative rules.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.054. That is, for each of the eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Twenty Million Dollars (\$20,000,000.00).

The Tax Limitation Amount set forth in the immediately preceding Subsection (b) is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code, § 313.022(b) or § 313.052.

"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.

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313 of the Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code, together with any court or administrative decisions interpreting same.

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description which is attached to this Agreement as **EXHIBIT 2**, and is incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from the configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes ("Applicant's Qualified Investment").

Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application, during the Qualifying Time Period described in both Section 1.2 above, and the definition of Qualifying Time Period set forth in Section 1.3, above.

Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to the Applicant's Qualified Investment, together with the land described in **EXHIBIT 2** which: 1) is owned by the Applicant; 2) was first placed in service after September 25, 2013, the completed Application date established by the Comptroller; and 3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Property owned by the Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Property unless the Applicant:

- (a) submits to the District and the Comptroller a written request to add property to the limitation agreement, which request shall include a specific description of the additional property to which the Applicant requests that the limitation apply;
- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) provides any additional information reasonably requested by the District or the Comptroller necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Section 2.4. APPLICANT'S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Qualified Property located on the land described in **EXHIBIT 2**, upon a reasonable request of the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Qualified Property to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to the Agreement.

Section 2.5. QUALIFYING USE

The Applicant's Qualified Investment described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code § 313.024(b)(1) as a manufacturing facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount Twenty Million Dollars (\$20,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant's Qualified Investment 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 Investment; or
- (b) Twenty Million Dollars (\$20,000,000.00).

The Tax Limitation Amount set forth in the immediately preceding Subsection(b) is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code § 313.022 (b) or § 313.052.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code §313.027(f)(1), be compensated by the Applicant for: any loss that the District incurs in its Maintenance and Operations Revenue; or for any new uncompensated operating cost incurred as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to, all such other payments as are set forth in Article IV. Subject only to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District, and paid by the Applicant to the District in addition to any and all payments due under Article IV.

Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the applicable provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O Amount owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax at the tax rate actually adopted by the District for the applicable year.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to Maintenance and Operations Revenue because of any portion of this agreement.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment 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 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 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, on account of any other factors not contained in this Agreement.

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- (a) All non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable tax credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code § 42.2515, or other similar or successor statute.
- (b) All non-reimbursed costs, certified by the District's external auditor to have been incurred by the 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.

- (c) All non-reimbursed increases in District costs paid to the Appraisal District caused by increased appraised values arising solely from the project described in the Application.
- (d) Any other loss of District revenues which are, or may be attributable to the payment by the Applicant to or on behalf of any other third party beneficiary.

Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

Section 3.5. DATA USED FOR CALCULATIONS

The calculations under this Agreement shall be initially based upon the valuations which are placed upon all taxable property in the District, including Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District 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 3.4. The certified tax 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 tax roll or any other changes in student counts, tax collections, or other data.

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 and Article IV, or under Section 5.1 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. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, 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 and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of 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 or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 of the year 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 for all calculations under this Agreement under Section 3.6, above, 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 tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of any total expenses under this Section and Section 3.6, above, in excess of Ten Thousand Dollars (\$10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Section 3.4 and Section 3.6, 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 of receipt of the certification. Within thirty (30) 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 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 final determination of certification containing the calculations.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

In the event that, at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, the Applicant has appealed the taxable values placed by the Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values initially placed upon the Qualified Property by the Appraisal District.

In the event that the result of an appraisal 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 a new value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years. In the event the new calculations result in the change of any amount payable by the Applicant under this Agreement, the party from whom the adjustment is payable shall remit such amounts to the counter-party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, or to other governmental entities including the Appraisal District, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District 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 the District.

ARTICLE IV

Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

In interpreting the provisions of Article IV, the Parties agree as follows:

(a) **Amounts Exclusive of Indemnity Amounts**

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, 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 IV. 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 of the Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to such limitations as are contained in Section 5.1, and that all payments under Article IV are subject to the separate limitations contained in Section 4.4.

(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 IV, shall not exceed the limit imposed by the provisions of Texas Tax Code 313.027(i) unless that limit is increased by the Legislature at a future date, in which case all references to statutory limits in this Agreement will be automatically adjusted to reflect the

new, higher limits, but only if, and to the extent that such increases are authorized by law.

Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO NET AGGREGATE LIMIT

In any year during the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (a) the Applicant's Stipulated Supplemental Payment Amount, defined as Forty Percent (40%) of the Applicant's Net Tax Benefit, as the term is defined in Section 1.3, above; or,
- (b) the Net Aggregate Limit, as the term is defined in Section 1.3, above.

Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year of this Agreement, beginning with the third full year (Tax Year 2016), the Stipulated Supplemental Payment amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Plus,

Any Tax Credit received by the Applicant with respect to such Tax Year;

Minus,

Any amounts previously paid to the District under Article III for such Tax Year;

Multiplied by,

The number 0.4;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4, above, shall adjust the Stipulated Supplemental Payment amount calculation to reflect any changes in the data.

Section 4.4. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF NET AGGREGATE LIMIT

For each year of this Agreement, beginning with year three (Tax Year 2016) and continuing thereafter through year thirteen (Tax Year 2026), the District, or its Successor Beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Net Aggregate Limit, defined in Section 1.3, above.

If, for any year of this Agreement, the payment of the Applicant's Stipulated Supplemental Payment amount, calculated under sections 4.2 and 4.3, above, exceeds the Net Aggregate Limit for that year, the difference between the Stipulated Supplemental Payment amount and the Net Aggregate Limit, shall be carried forward from year-to-year into subsequent years of this Agreement, and to the extent not limited by the Net Aggregate Limit in any subsequent year of this Agreement, shall be paid to the District.

Any Stipulated Supplemental Payment amount, which cannot be made to the District prior to the end of year thirteen (Tax Year 2026), because such payment would exceed the Net Aggregate Limit, will be deemed to have been cancelled by operation of law.

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

- (a) All calculations required by this Article, including but not limited to: (i) the calculation of the Stipulated Supplemental Payment amount; (ii) the determination of both the Annual Limit, the Aggregate Limit, and the Net Aggregate Limit; (iii) the effect, if any, of the Net 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 Stipulated Supplemental Payment amounts unpaid by the Applicant due to the Net Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.
- (b) 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 3.6.
- (c) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment obligations under this Article IV be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 6.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limit or the Net Aggregate Limit or the Supplemental Payments described in Section 4.4, above.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement beginning after the 2016 Tax Year and ending on the Final Termination Date, 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 III and IV with respect to such current Tax Year and all preceding Tax Years of this Agreement, 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 Section 3.4 and Section 3.6, 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 III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Section 4.2 with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the June 30 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 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. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that 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.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to tax credits from the District under and in accordance with the provisions of Subchapter D of the Act and Comptroller Rules, provided that the Applicant complies with the requirements under such provisions, including the timely filing of a completed tax credit application under Section 313.103 of the Texas Tax Code and Comptroller Rules.

Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and Comptroller Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code, and either Comptroller and/or Texas Education Agency Rules.

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If, after the Applicant has actually received the benefit of a tax credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code § 42.2515 or other similar or successor statute with respect to all or any portion of such tax credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such tax credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a tax credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code § 22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof. 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. 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 private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Comptroller under the provisions of Texas Tax Code § 313.032. The Applicant shall forward a copy of all such

required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of the Agreement;
- (b) it will Maintain Viable Presence in the District 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 (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (c) it will meet minimum eligibility requirements under Texas Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

Section 7.4. 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 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III, as of the date upon which such payments were made to the District. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV, as of the date upon which such payments were made to the District.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. 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 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III, as of the date upon which such payments were made to the District. The Applicant shall also be entitled to a

credit for any amounts paid to the District pursuant to Article IV, as of the date upon which such payments were made to the District. 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.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

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 owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date 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 7.4 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 Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute.

Section 7.6 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:

- (a) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application as is required by Section 8.13, below.
- (b) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d) Applicant fails to make any payment required by this Agreement, or by the State or its agencies where such payment is authorized or required by the Act or by rules adopted thereunder.
- (e) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column C of its Application.
- (f) Applicant fails to create and maintain at least the number of Qualifying Jobs set forth it committed to create and maintain on Schedule C, Column E of its Application.

- (g) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created by the Applicant on the project as Qualifying Jobs.
- (h) Applicant makes 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, Texas Tax Code, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 are not barred by this provision.
- (i) Applicant fails to comply with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act, including but not limited to the filing of all required reports.

Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Texas Tax Code § 313.0275, for any full tax year which commences after the project has become operational, the Applicant may cure the Material Breaches of this Agreement, defined in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for the particular Tax Year of non-compliance only, the Applicant may make the liquidated damages payment required by Texas Tax Code § 313.0275(b), in accordance with the provisions of Texas Tax Code § 313.0275(c).

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement as defined in Section 7.6, above, the District shall provide the Applicant with a written notice of the facts which it believes have caused the material 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 material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

If the Board of Trustees is not satisfied with such response and/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 whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

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.").

Section 7.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have 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's receipt of notice of the Board of Trustee's determination of breach under Section 7.8, 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.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such sixty (60) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, 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 and a lien and/or tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code § 33.07 to the attorneys representing the District pursuant to Texas Tax Code § 6.30.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, 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 covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.10. 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 greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. 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 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.11. BINDING ON SUCCESSORS

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.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

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 transmission, with "answer back" or other "advice 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 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.

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

Clarke Boyd, Superintendent
PECOS-BARSTOW-TOYAH INDEPENDENT SCHOOL DISTRICT
1302 S. Park Street

Pecos, Texas 79772
Fax: (432) 447-3076
Email: boydc@pbtisd.esc18.net

With a copy to:

Kevin O'Hanlon
O'Hanlon, McCollom & Demerath
808 West Avenue
Austin, Texas 78701

or at such other address or to such other facsimile and/or electronic mail transmission number and to the attention of such other person as the District may designate by written notice to the Applicant.

Notices to the Applicant shall be addressed to:

Chris Work
Senior Vice President and CFO
NUEVO MIDSTREAM, LLC
1331 Lamar, Suite 1450
Houston, Texas 77010
Fax: (713) 753-1537
Email: workc@teai.com

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

Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees,
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the termination in full date established in Section 1.2 of this Agreement.
- (c) In the event that the Applicant fails to make a Qualified Investment in the amount of Twenty Million Dollars (\$20,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2015.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. 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. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional property. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Texas Tax Code, § 313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

Section 8.4. ASSIGNMENT

Unless otherwise prohibited by law, Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Texas Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contact information for the owner of the property subject to the limitation agreement for the purposes of Texas Tax Code § 313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5. 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 8.6. MAINTENANCE OF APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7. 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 Reeves County, Texas.

Section 8.8. 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 8.9. 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 to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, 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 8.10. 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 8.11. INTERPRETATION

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. 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. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12. 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 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that all information, facts, and representations contained therein are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, the Agreement shall be invalid and void except for the enforcement of the provisions required by 34. Texas Administrative Code § 9.1053(f)(2)(K).

Section 8.14. 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; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Texas Tax Code § 313.103, as follows:

- a. Within seven days of such document, the school district shall submit a copy to the Comptroller for Publication on the Comptroller's Internet website.
- b. 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 Texas Tax Code § 313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 17th day of December, 2013.

NUEVO MIDSTREAM, LLC

By: 
Authorized Representative

Name: Chris Work

Title: CFO

**PECOS-BARSTOW-TOYAH
INDEPENDENT SCHOOL DISTRICT**

By: 
LOUIS MATTA
President
Board of Trustees

Attest:

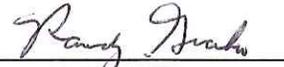
By: 
RANDY GRAHAM
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Nuevo Midstream, LLC Reinvestment Zone* was originally created on December 17, 2013 by action of the Pecos-Barstow-Toyah Independent School District Board of Trustees (the "Board"). A map of the Reinvestment Zone is attached, below to this **EXHIBIT 1**.

As a result of the action of the Board, the *Nuevo Midstream, LLC Reinvestment Zone* includes the following real property within the boundaries of the Pecos-Barstow-Toyah Independent School District and Reeves County, Texas, more specifically described by the legal description and map also attached to this **EXHIBIT 1**.



EXHIBIT "B"
REEVES COUNTY, TEXAS
38.94 ACRE SURVEY DESCRIPTION

May 11, 2012
 Sheet 2 of 2

Being 38.94 acres of land, situated in the North half (1/2) of Section 36, Block 58, Township No. 1, T. & P. Railroad Company Survey, out of a called 260 acre tract of land, described in deed to Rustler Hills II, Ltd. C/O John Draper Brantley, Jr., as recorded in Volume 646, Page 289, Deed Records, Reeves County, Texas (D.R.R.C.T.), and more particularly described by metes and bounds as follow:

BEGINNING at a set 1/2 inch iron rod with cap marked Topographic ("set iron rod") in the common North line of Section 36, and South line of Section 25, Block 58, Township No. 1, T. & P. Railroad Company Survey for the Northwest corner of this tract, from which a found 1/2 inch capped iron rod with cap marked "WTC" for the common corner of Sections 36,35,26, and 25, Block 58, Township No. 1, T. & P. Railroad Company Survey bears: North 88°10'34" West, a distance of 1,330.55 feet;

THENCE South 88°10'34" East, with said North line of Section 36 and South line of Section 25, a distance of 783.27 feet to a "set iron rod" for the Northeast corner of this tract;

THENCE South 88°10'34" East, departing the North line of Section 36, a distance of 783.27 feet to a "set iron rod" for the common corner of this tract and Northeast corner of a called 10.18 acre tract of land conveyed from Rustlers Hills II, L.T.D. to Nuevo Midstream, LLC;

THENCE Easterly, with the common North line of said 10.18 acre tract and South line of this tract, as follows:

South 01°58'51" West, a distance of 88.17 feet to a "set iron rod"; North 87°58'07" West, a distance of 271.11 feet to a "set iron rod"; North 87°51'33" West, a distance of 191.94 feet to a "set iron rod"; North 00°59'56" East, a distance of 13.02 feet to a "set iron rod"; North 87°56'09" West, a distance of 64.69 feet to a "set iron rod"; North 01°49'45" East, a distance of 69.65 feet to a "set iron rod"; North 87°50'51" West, a distance of 129.40 feet to a "set iron rod"; South 02°30'20" West, a distance of 70.18 feet to a "set iron rod"; North 88°10'37" West, a distance of 137.68 feet to a "set iron rod"; South 01°58'11" West, a distance of 471.84 feet to a "set iron rod"; South 02°01'21" West, a distance of 399.99 feet to a "set iron rod";

THENCE South 87°49'42" East, a distance of 796.08 feet to a "set iron rod" for common corner of this tract and the Southeast corner of said 10.18 acre tract of land;

THENCE South 02°18'20" West, a distance of 1701.12 feet to a "set iron rod" on the common South line of said North half (1/2) of Section 36 and North line the Southwest Quarter (1/4) of said Section 36;

THENCE North 88°08'30" West, along said common line, a distance of 921.02 feet to a "set iron rod" for the Southwest corner of this tract;

THENCE Northerly, departing said common South line of said North half (1/2) of Section 36, as follows:

North 02°51'58" East, a distance of 2112.11 feet to a "set iron rod"; North 04°06'13" East, a distance of 376.99 feet to a "set iron rod"; North 23°47'42" East, a distance of 71.93 feet to a "set iron rod"; North 39°24'40" East, a distance of 27.76 feet to a "set iron rod"; North 43°22'53" East, a distance of 54.11 feet to a "set iron rod"; North 43°23'18" East, a distance of 32.77 feet to a "set iron rod";

THENCE North 00°00'00" West, a distance of 7.62 feet to the POINT OF BEGINNING, and END OF THIS DESCRIPTION, containing 38.94 acres of land.

Topographic Land Surveyors
 1400 Everman Parkway
 Suite 197
 Fort Worth, TX 76140



Patrick A. Fox, R.P.L.S. No. 5069
 May 11, 2012

nuevo
MIDSTREAM

EXHIBIT "A"

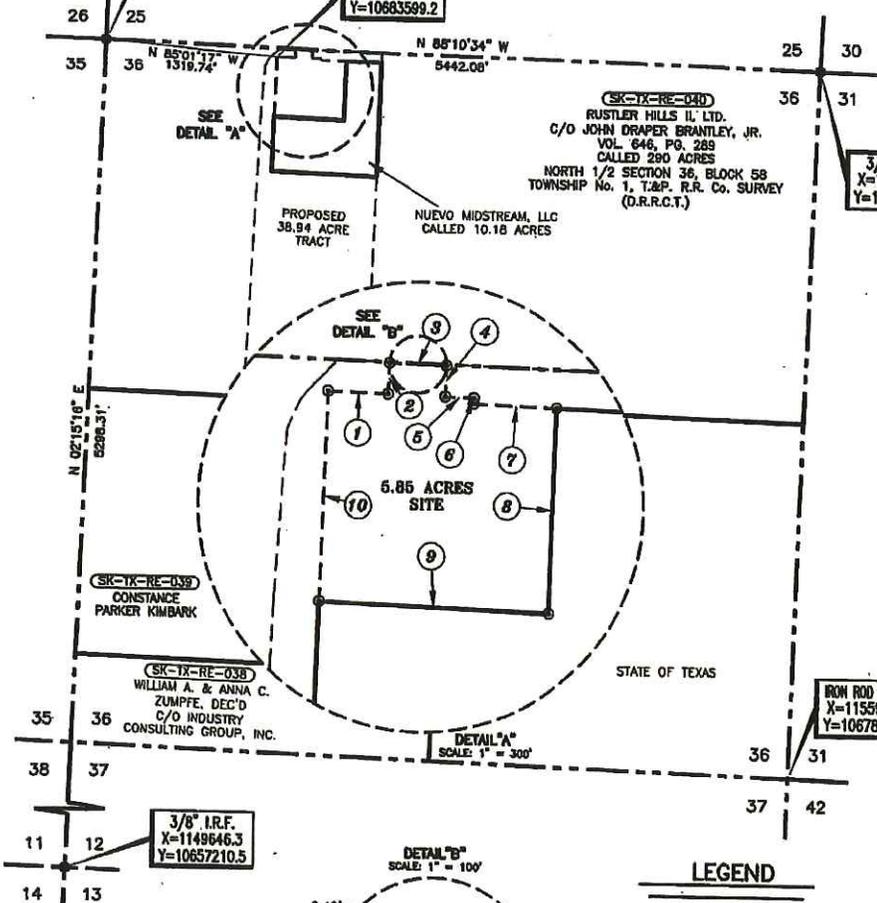
SECTION 36, BLOCK 58, T-1, T. & P. RR. CO.
REEVES COUNTY, TEXAS
BOUNDARY FLAT



1/2" C.I.R.F.
"WTC"
X=1150689.6
Y=10683713.8

P.O.B.
X=1152004.4
Y=10683599.2

3/8" I.R.F.
X=1156129.0
Y=10683540.6



SK-TX-RE-049
CONSTANCE
PARKER KIMBARK

SK-TX-RE-038
WILLIAM A. & ANNA C.
ZUMPF, DEC'D
C/O INDUSTRY
CONSULTING GROUP, INC.

SK-TX-RE-040
RUSTLER HILLS II, LTD.
C/O JOHN DRAPER BRANTLEY, JR.
VOL. 846, PG. 289
CALLED 280 ACRES
NORTH 1/2 SECTION 36, BLOCK 58
TOWNSHIP No. 1, T.&P. RR. Co. SURVEY
(D.R.R.C.T.)

NUEVO MIDSTREAM, LLC
CALLED 10.18 ACRES

6.85 ACRES
SITE

IRON ROD FOUND
X=1155829.6
Y=10678239.6

3/8" I.R.F.
X=1149646.3
Y=10657210.5

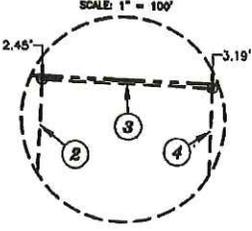
DETAIL "B"
SCALE: 1" = 100'

LEGEND

- SURVEY/SECTION LINE
- - - TRACT BORDER
- x FENCE LINE
- - - EXISTING PIPELINE
- IRON PIPE FOUND
- ⊙ CAPPED IRON ROD FOUND (C.I.R.F.)
- IRON ROD SET

LINE TABLE

LINE	BEARING	DISTANCE
1	S 85°10'37" E	137.58'
2	N 02°30'20" E	70.18'
3	S 87°50'51" E	129.40'
4	S 01°49'45" W	69.85'
5	S 87°56'09" E	64.69'
6	S 00°58'56" W	13.02'
7	S 87°51'33" E	191.94'
8	S 01°57'51" W	460.81'
9	N 87°48'21" W	524.81'
10	N 01°58'11" E	471.84'



1. ORIGINAL DOCUMENT SIZE: 14" X 8.5"
2. ALL BEARINGS, DISTANCES, AND COORDINATE VALUES CONTAINED HEREIN ARE GRID BASED UPON THE TEXAS STATE PLANE COORDINATE SYSTEM, CENTRAL ZONE, U.S. FEET, NORTH AMERICAN DATUM 1983
3. CERTIFICATION IS MADE ONLY TO THE LOCATION OF THIS EASEMENT, IN RELATION TO THE EVIDENCE FOUND DURING A FIELD SURVEY, MADE ON THE GROUND, UNDER MY SUPERVISION, AND USING DOCUMENTATION PROVIDED BY NUEVO MIDSTREAM. ONLY UTILITIES/EASEMENTS THAT WERE VISIBLE ON THE DATE OF THIS SURVEY, WITHIN/ADJOINING THIS EASEMENT, HAVE BEEN LOCATED AS SHOWN HEREON OF WHICH I HAVE KNOWLEDGE. THIS CERTIFICATION IS LIMITED TO THOSE PERSONS OR ENTITIES SHOWN ON THE FACE OF THIS PLAT AND IS NON-TRANSFERABLE, AND MADE FOR THIS TRANSACTION ONLY.
4. B.O.L./P.O.B. = BEGINNING OF LINE/POINT OF BEGINNING
5. C.O.L./P.O.E. = END OF LINE/POINT OF EXIT
6. (D.R.R.C.T.) = DEED RECORDS, REEVES COUNTY, TEXAS



Patrick A. Fox, R.P.L.S. No. 5069
May 11, 2012

TOPOGRAPHIC

SURVEYING • MAPPING • GIS • GPS
1400 EVERMAN PARKWAY, Ste. 187 • FT. WORTH, TEXAS 76140
TELEPHONE: (817) 744-7512 • FAX: (817) 744-7548
2225 FERRITON PARKWAY • PAMPA, TEXAS 79065
TELEPHONE: (806) 665-7218 • FAX: (806) 665-7210
2903 NORTH BIG SPRING • MIDLAND, TEXAS 79705
TELEPHONE: (432) 682-1853 • FAX: (432) 682-1743
WWW.TOPOGRAPHIC.COM

CAPITAN	REVISION:	
	J.E.B.	5/11/12
DATE: 05/08/2012		
FILE: BO_TX_RE_040_2		
DRAWN BY: J.E.B.		
SHEET: 1 OF 2		

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the Pecos-Barstow-Toyah Independent School District and the *Nuevo Midstream, LLC Reinvestment Zone* originally created on December 17, 2013 by action of the Board is intended to be included in this Agreement.

A map of the *Nuevo Midstream, LLC Reinvestment Zone* created by the Board is attached to **EXHIBIT 1**. Specifically, all Qualified Property of the Applicant located within the boundaries on the map first placed in service after September 25, 2013 used in connection with manufacturing facility will be subject to this Agreement.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

Proposed Project Description

Nuevo Midstream, LLC proposes to build a new 200 mmscfd Gas Processing Plant in Reeves County, Texas. This project will also be located within the Reeves County Hospital District and the Pecos-Barstow-Toyah ISD.

Ramsey III Gas Processing Plant

The Ramsey III plant will include the installation of a 200 mmscfd refrigerated cryogenic gas plant built by Cameron utilizing Randal Gas Group's patented NGL-Max process. The plant will include the following components:

- Pressure Vessels
 - 3 Molecular Sieve Dehydrators
 - 1 Regeneration Gas Scrubbers
 - 1 Cold Separators
 - 1 Reflux Separator
 - 1 Refrigerant Economizer
 - 1 Refrigerant Reclaimer
 - 1 Refrigerant Accumulator
 - 1 Refrigerant Scrubber
- Towers
 - 1 DeMethanizer
- Heat Exchangers
 - 1 Brazed Aluminum Heat Exchanger
 - 1 Inlet Gas Chiller
 - 1 DeMethanizer Side / Bottom Reboiler
 - 1 Regeneration Gas Heater
 - 1 DeEthanizer Trim Reboiler (For Rejection Mode)
- Air Coolers
 - 1 Refrigerant Condenser (Multiple Bays)

- 1 NGL Product Cooler {For Rejection Mode}
 - 1 Regeneration Gas Cooler
 - 3 Refrigeration Compressor Lube Oil Coolers
- Expander- Compressor
 - 1 Expander / Compressor
- Pumps
 - 2 NGL Booster Pumps
 - 3 NGL Pipeline Pumps {3- 50%} Phase 2
- Compression
 - 3 -1,750 Horsepower Refrigeration Compressors
 - 3-3,550 Horsepower Residue Gas Compressors
 - 4-1,300 Horsepower Residue Gas Compressors
- Miscellaneous Equipment