

AMENDMENT NO. 3
TO AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR
SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES
BETWEEN ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT
AND NACERO TX 1 LLC
(Comptroller Application No. 1568)

This **AMENDMENT NO. 3 TO THE AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES** (this “**Amendment No. 3**”) is entered into by and between **ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT** (the “**District**”), a lawfully created independent school district of the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **NACERO TX 1 LLC**, a limited liability company, Texas Taxpayer Identification Number 32075161326 (“**Applicant**” or “**Applicant Parties**”). The Applicant and the District may hereafter be referred together as the “**Parties**” and individually as a “**Party.**” Undefined capitalized terms herein shall have the meaning given to them in the Agreement (as defined below).

WHEREAS, on or about June 15, 2021, pursuant to Chapter 313 of the TEXAS TAX CODE, after conducting a public hearing on the matter, the District made factual findings (the “**Findings of Fact**”), and passed, approved, and executed that certain Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, dated June 15, 2021, as amended by Amendment No. 1 dated December 21, 2022 and Amendment No. 2 dated March 28, 2023, by and between the District and Applicant (the “**Agreement**”);

WHEREAS, pursuant to Section 10.2 of the Agreement, Applicant has requested to amend its application to: (i) confirm the project is an advanced clean energy project; (ii) extend the Qualifying Time Period to the five (5) year period as allowed by §313.021(4)(C) of the TEXAS TAX CODE; and, (iii) reduce the number of new qualifying jobs to 25 and the number of new non-qualifying jobs to zero;

WHEREAS, the Parties agree to modify the Agreement to the extent necessary to comport with the foregoing requested changes;

WHEREAS, the Parties notified the Texas Comptroller of Public Accounts (the “**Comptroller**”) of the Application Amendment after Execution No. 3 and the request for this Amendment No. 3 on October 31, 2023, and the Comptroller issued its notice of amended completeness, certificate and agreement approval on November ____, 2023; and

WHEREAS, on November 14, 2023, after conducting a public hearing and providing interested persons an opportunity to be heard on the matter, the Board of Trustees determined that this Amendment No. 3 is in the best interest of the District and the State of Texas and is consistent with and authorized by Chapter 313 of the TEXAS TAX CODE, as that statute existed immediately before its expiration pursuant to Section 313.171(a), and hereby approves this Amendment No. 3 and authorizes the District’s representative, whose signature appears below, to execute and deliver such Amendment No. 3 to the Applicant.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual benefits to be derived by the Parties and other good and valuable considerations, the receipt and adequacy of which are hereby acknowledged, and in compliance with Section 10.2 of the Agreement, the undersigned Parties intending to be legally bound, do hereby covenant and agree as follows:

1. **Amendment.** The Agreement is hereby amended as follows:

a. **Reference to Jobs.** Any and all references in the Application, Agreement and Findings of Fact to the number of new qualified jobs are hereby amended and modified to reflect twenty-five (25) New Qualifying Jobs and zero (0) New Nonqualifying Jobs.

b. **Section 2.3.C.** Section 2.3.C of the Agreement is deleted in its entirety and replaced with the following:

C. The Qualifying Time Period for this Agreement:

i. Starts on January 1, 2022, a date not later than January 1 of the fourth Tax Year following the Application Approval Date for deferrals, as authorized by §313.027(h) of the TEXAS TAX CODE; and

ii. Ends on December 31, 2026, a year not later than the fifth complete Tax Year following the start of Qualifying Time Period start date, as authorized by §313.021(4)(C) of the TEXAS TAX CODE.

c. **Section 3.5. QUALIFYING USE.** The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(4) of the TEXAS TAX CODE as an advanced clean energy project, as defined by Section 382.003, Health and Safety Code.

d. **Section 6.7.** Section 6.7 of the Agreement is deleted in its entirety and replaced with the following:

Section 6.7. SUPPLEMENTAL PAYMENTS DURING IN QUALIFYING TIME PERIOD.

A. Notwithstanding Section 6.1, for the Supplemental Payments accruing on January 1 and owed to the District during the Qualifying Time Period Years 2022 and 2023, being Tax Years 2022 and 2023 (School Years 2022-2023 and 2023-2024) and calculated in accordance with Section 6.2, shall be deferred and carried forward from year-to-year (the "First Deferred QTP Payments"). Beginning in the second year of the Tax Limitation Period, and in addition to the Supplemental Payment for that year, all First Deferred QTP Payments owed to the District shall be paid by Applicant to the District in accordance with Section 4.8. Any portion of the First Deferred QTP Payments subject to the Annual Limitation of Section 6.5 that remain unpaid shall be carried forward from year-to-year until paid in full.

B. Notwithstanding Section 6.1, no Supplemental Payment shall accrue on January 1 during the Qualifying Time Period Year 2024, being Tax Year 2024 (School Year 2024-2025).

C. Notwithstanding Section 6.1, Supplemental Payments accruing on January 1 for Qualifying Time Period Years 2025 and 2026, being Tax Years 2025 and 2026 (School Years 2025-2026 and 2026-2027) and calculated in accordance with Section 6.2, shall be deferred and carried forward from year-to-year (the "Second Deferred QTP Payments"). Beginning in the third year of the Tax Limitation Period, and in addition to the Supplemental Payment for that year, all Second Deferred QTP Payments owed to the District shall be paid by Applicant to the District in accordance with Section 4.8. Any portion of Second Deferred QTP Payments subject to the Annual Limitation of Section 6.5 that remain unpaid shall be carried forward from year-to-year until paid in full.

D. In addition to the Supplemental Payments as provided in Sections 6.7.A and 6.7.C, Supplemental Payments shall accrue on January 1 for each year of the Tax Limitation Period and continuing through the third year of viable presence period, being Tax Years 2037, 2038 and 2039. All Supplemental Payments owed to the District shall be paid by Applicant to the District in accordance with Section 4.8. No Supplemental Payments shall accrue after December 31 of the third year following the end of the Tax Limitation Period.

E. Should Applicant fail to make the minimum Qualified Investment during the Qualifying Time Period causing this Agreement to become null and void as set out in Section 9.1.B. or if Applicant exercises its right to terminate this Agreement as provided in section 6.6.B herein, Applicant's obligation to make any First Deferred Payments and Second Deferred Payments shall be cancelled and no longer owed to the District.

e. **Exhibits 3, 4 and 5.** Exhibits 3, 4 and 5 of the Agreement are deleted in their entirety and replaced with the attached Exhibits 3, 4 and 5.

2. **Effect.** Except as modified and amended by the terms of this Amendment No. 3, all of the terms, conditions, provisions and covenants of the Agreement are ratified and shall remain in full force and effect, and the Agreement and this Amendment No. 3 shall be deemed to constitute a single instrument or document. Should there be any inconsistency between the terms of this Amendment No. 3 and the Agreement; the terms of this Amendment No. 3 shall prevail. A copy of this Amendment No. 3 shall be delivered to the Texas Comptroller to be posted to the Texas Comptroller's internet website. A copy of this Amendment No. 3 shall be recorded with the official Minutes of the meeting at which it has been approved and a copy of this Amendment No. 3 shall also be recorded with the Findings of Fact in the official Minutes of the meeting of June 15, 2021.

3. **Fees and Expenses for Amendment.** Applicant agrees to pay District's legal fees at normal hourly rates to the District's attorneys, plus expenses, incurred by the District in furtherance of this Amendment No. 3, in an amount not to exceed \$30,000 within 15 days of Applicant's receipt of the invoice from District's counsel.

4. **Binding on Successors and Assigns.** The Agreement, as amended by this Amendment No. 3, shall be binding upon and inure to the benefit of the Parties and each other person and entity having any interest therein during their ownership thereof, and their respective successors and assigns.

5. **Counterparts.** This Amendment No. 3 may be executed in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same document.

6. **Electronic Delivery.** This Amendment No. 3 may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by email). The executing Party agrees to promptly deliver a complete, executed original or counterpart of this Amendment No. 3 to the other executing Parties. This Amendment No. 3 shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

[signature page follows]

IN WITNESS HEREOF, the District and Applicant have caused this Amendment No. 3 to be executed and delivered by their duly authorized representatives as of the Effective Date below.

APPROVED AND EFFECTIVE as of the ____ day of _____, 2023.

NACERO TX 1 LLC

ECTOR COUNTY INDEPENDENT SCHOOL DISTRICT

BY: HA Bouknight

BY: _____

NAME: Hal Bouknight

NAME: _____

TITLE: COO

TITLE: _____

DISTRICT ATTEST:

BY: _____

NAME: _____

TITLE: _____

EXHIBIT 3
APPLICANT’S QUALIFIED INVESTMENT

Below, please find a description of the physical and functional aspects of the final constructed and delivered facility consistent with the level of detail defined at the project’s conceptual engineering phase.

The specific and detailed description of the qualified investment which is proposed within the project boundary, along with any new buildings or proposed improvements have been split into sections describing the different parts of the facility, such as, Inside Battery Limits (ISBL), Outside Battery Limits (OSBL), Tank Storage, Truck and Rail Operations, etc.

The Penwell facility includes the following configuration:

- 6 SynCOR Methanol™ / TIGAS™ trains (3 sets of two trains)
- 6 Air Separation Units (ASU), one for each train
- 6 Flare units, one for each train
- 3 Sets of process common units (hydrocracker unit, isomerization, condensate stripping)
- 3 Utility and Offsite blocks (CO2 recovery unit, thermal oxidizer, Boiler Feed Water/steam/Auxiliary Boiler, condensate treatment, power generation, raw and wastewater treatment, cooling water)
- 1 Carbon capture sequestration Compressor Station
- 1 Hydrogen Generation Unit (HGU)
- 1 Clean fuel Post Treatment Unit
- 1 common tankage area, 1 back-up instrument air and nitrogen unit, 1 firewater system, 1 clean fuel blending facility, railcar loading/unloading area and truck loading areas.

This project will include Trains 1 through 6 with associated common process areas as well as associated utility & offsite blocks.

ISBL – Natural Gas Processing and Clean Fuel Manufacturing

The ISBL facilities below are licensed by Haldor Topsoe and their Design Packages are provided by HT except where noted. Natural gas feed, plus recycled liquefied petroleum gas (LPG) and C5 recycle, are converted to raw clean fuel in each of the six processing trains.

Each train includes the following primary Process sections:

- Natural Gas Reforming (Unit 110, 210, 310, 410, 510, 610)
- Syngas Process Condensate (Unit 111, 211, 311, 411, 511, 611)
- Methanol Synthesis (Unit 120, 220, 320, 420, 520, 620)
- Clean Fuel Reactor (Unit 130, 230, 330, 430, 530, 630)
- Catalyst Regeneration System (Unit 131, 231, 331, 431, 531, 631)
- Clean Fuel Fractionation (Unit 140, 240, 340, 440, 540, 640)
- Hydrogen Recovery Unit (Units 171, 271, 371, 471, 571, 671)
- Cooling Water System (Unit 841, 842, 843) – Design not provided by HT.

- Flare System (Unit 160, 260, 360, 460, 560, 660) – Each Train will have a dedicated ground flare, Knock Out (KO) drum and KO drum pump. However, for redundancy and reliability, the Flare systems for each set of Trains (1 and 2, 3 and 4, 5 and 6) will be cross-tied and each Flare system will be designed to support two parallel trains. Each set of cross-tied flares will be connected to process commons (i.e. hydrocracker unit, isomerization unit) dedicated to their corresponding trains. Design not provided by HT.
- Hydrocracking and Isomerization (Units 711, 712, 713) – The raw clean fuel product from each train is sent to a Hydro-processing unit, which includes Isomerization and mild Hydrocracking sections for octane improvement and distillation point control. These units are common for each set of two trains.

OSBL – Balance of Plant

OSBL Per Train Set – One System per Two Trains

The following is a description of the systems supporting each set of two trains. Ultimately, 3 sets of these blocks will be provided to support all 6 trains at the Penwell facility.

- Clean Fuel Synthesis Process Condensate (Unit 731, 732, 733) – HT is providing the Design Package for these units.
- Power Generation (Unit 741, 742, 743) – 2 Steam Turbine Generators (STGs) per Unit will generate power from the excess steam from ISBL.
- Fuel Gas CO2 Removal (Unit 751, 752, 753)
- Boiler Feed Water (BFW)/Condensate System (Unit 811, 812, 813) • Auxiliary Boiler (Unit 821, 822, 823)
- Raw Water Treatment (Unit 831, 832, 833) – Scope is to be confirmed based on raw water analysis and plant water balance. Utility and fire water to be supplied from raw water.
- Wastewater Treatment (Unit 851, 852, 853) – Options being considered are a Water Treatment Plant, Disposal Wells, Evaporation Ponds or a combination of the above
- Storm Water/Drainage System (Unit 861, 862, 863) Closed Drain System – Hydrocarbon drain drum with pumps and slop oil tank with pumps to service the closed hydrocarbon drain system from ISBL. Methanol drain drum with pumps and slop methanol tank with pumps to service the closed methanol drain system from ISBL
- Plant Instrument Air and Nitrogen Distribution system (Unit 881, 882, 883)

The natural gas and clean fuel production process will require high quality demineralized water. This process will generate steam and water condensate that may be reused within the proposed facility. Raw water treatment and wastewater treatment are anticipated as part of the proposed Project to meet the industrial water demand, which effectively results in an internal recycling of water. In addition to the recycled water internal to the process, the industrial water supply will be supplemented by water piped in from the Colorado River Municipal Water District.

OSBL Common Utilities - One Set for the Facility

The following is a description of the common systems supporting all 6 trains.

- Hydrogen Generation Unit (Unit 930) – Will produce hydrogen to meet the entire plant hydrogen demand. The HGU will be oversized to provide 100MMTPD of Hydrogen to allow for an excess of Hydrogen Which will also be sold as full for heavy haul over the road vehicles. Storage and loading facilities for Hydrogen are planned.
- Carbon Capture Sequestration (Unit 931)
- One Clean Fuel Post Treatment Unit (Unit 932) – Will upgrade clean fuel product to meet California clean fuel specifications. Size of the unit is to be determined. HT is providing the Design Package for this Unit.
- Backup Instrument/Plant Air Compressor – Used as a backup to instrument/plant air supply from ASU. Unit will be used for startup requirements of one train.
- Fire Fighting Unit (Unit 950) – Fire water to be supplied from treated raw water, or utility water, with raw water as backup supply.
- Storm Water Retention – Twenty-four hour, 100-year storm or six hours of maximum fire water application during fire water events used for volume design.

OSBL - Storage and Terminal Operations

Storage facilities, tanks will be provided for the following:

- Raw Methanol Storage (Unit 910)
- LPG Storage (Unit 911)
- Clean Fuel Storage (Unit 912)
- Clean Fuel Blend Component Storage (Unit 913)
- Finished Clean Fuel Additives Storage (Unit 914)
- Finished Clean Fuel Storage (Unit 915)

Truck loading, the following products will be loaded by truck:

- Pump Ready Clean Fuel Product
- Nitrogen Hydrogen

Where necessary, internal roads, truck loading areas and designated parking areas will be a paved surface capable of supporting heavy truck traffic.

- Rail Loading and Unloading

The proposed facility will have inbound rail movements of clean fuel blend components (ethanol, alkylate and naphtha) and outbound rail movements of LPG product and finished clean fuel component.

The following products will be loaded by rail:

- LPG
- Finished Clean Fuel Component
- Argon The following products will be unloaded by rail:

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(App. No. 1568), November 14, 2023
Exhibit 3

Texas Economic Development Act Agreement
Comptroller Form 50-826 (October 2020)

- Ethanol
- Alkylate
- Naphtha

Air Separation Unit (ASU)

The ASU's will be owned and operated by a third party for the benefit of Nacero. The ASU's will produce high purity oxygen for the Autothermal Reformer and is integral to our process for production of methanol. Our facility cannot operate without an ASU. The ASU's will be treated by Nacero as an owned asset and will be recorded on our balance sheet as a capital asset and accounted for with identical accounting as a capital lease. Nacero will have the right to purchase the ASU's at a predetermined reduced rate at the end of the term of the agreement. The ASU's will produce nitrogen, instrument air and plant air which are also critical and required for our plant's operation.

Land and Buildings

The land for which the Applicant has legally binding purchase options is set out in EXHIBIT 2 and depicted on the attached map.

Below, please find a list of the buildings that will be located on the property:

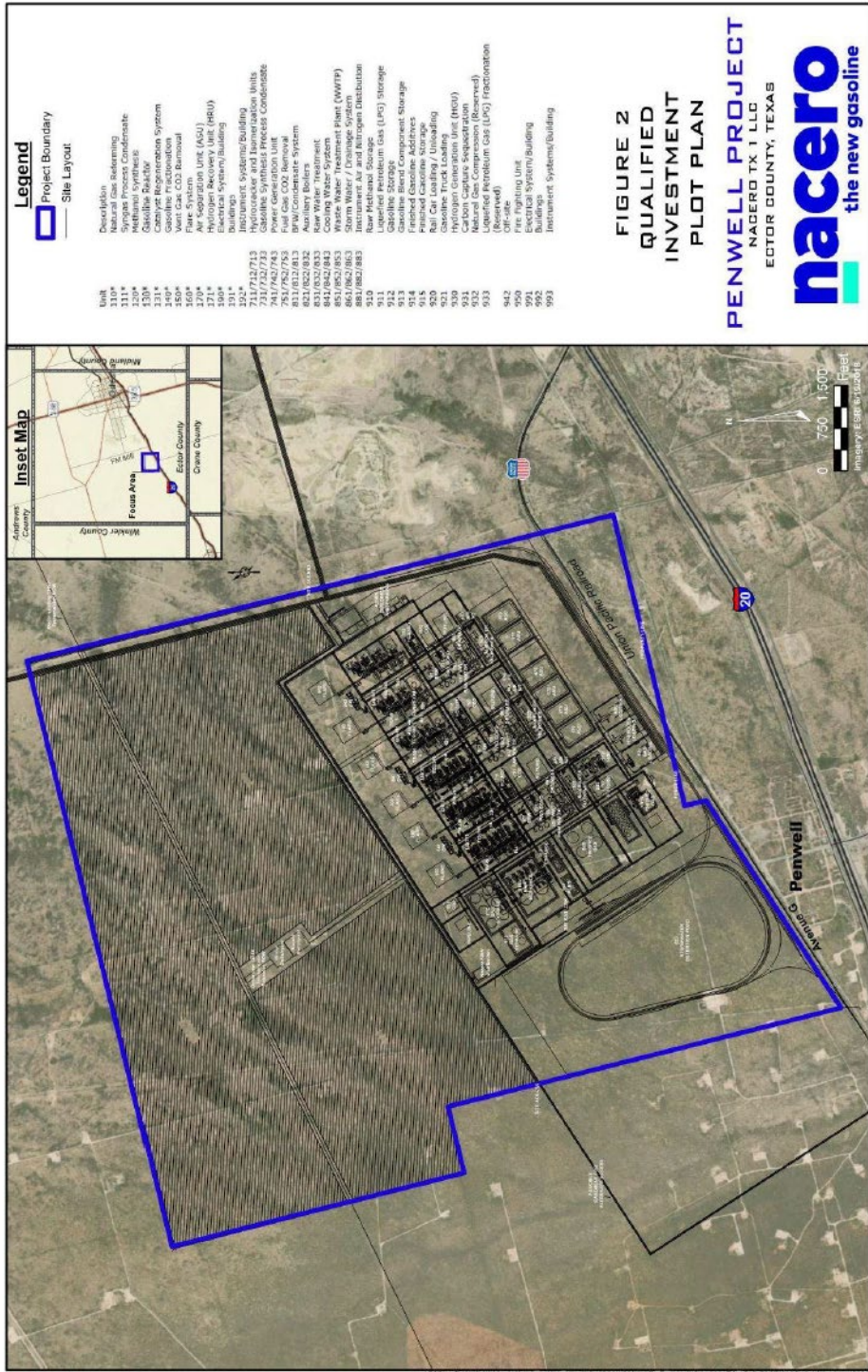
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Transmission Line and Switchyard

Oncor has 138KV transmission lines that currently run through the northern side of the site. Oncor will be providing a power drop to their own new switchyard.

- Any eligible ancillary and necessary equipment or property required to make the facility operational.

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EXHIBIT 4
DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

Below, please find a detailed description of the qualified property and any new buildings, proposed new improvements of the final constructed and delivered facility consistent with the level of detail defined at the project's conceptual engineering phase.

The specific and detailed description of the qualified investment which is proposed within the project boundary, along with any new buildings or proposed improvements have been split into sections describing the different parts of the facility, such as, Inside Battery Limits (ISBL), Outside Battery Limits (OSBL), Tank Storage, Truck and Rail Operations, etc.

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This project will include Trains 1 through 6 with associated common process areas as well as associated utility & offsite blocks.

Phase 2 which is contingent on a successful Phase 1 will include Trains 5 & 6 with associated common process areas as well as the associated utility & offsite block.

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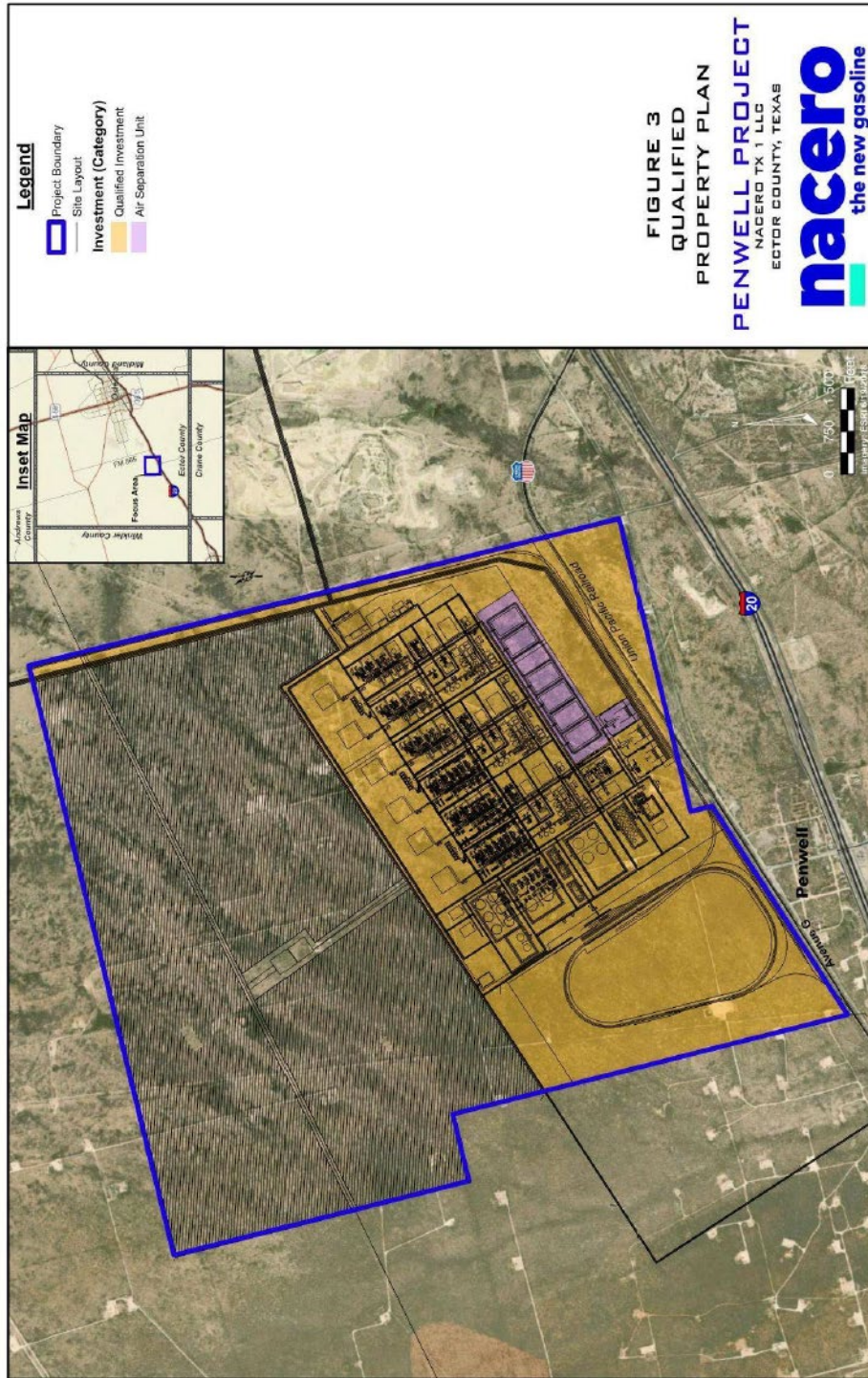
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MAP OF QUALIFIED PROPERTY



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Exhibit 4

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EXHIBIT 5
AGREEMENT SCHEDULE

	<u>Year of Agreement</u>	<u>Date of Appraisal</u>	<u>School Year</u>	<u>Tax Year</u>	<u>Summary Description</u>
Limitation Pre-Years	0	January 1, 2021	2021-22	2021	QTP Pre Year
	QTP 1	January 1, 2022	2022-23	2022	QTP year 1, begins January 1, 2022
	QTP 2	January 1, 2023	2023-24	2023	QTP year 2
	QTP 3	January 1, 2024	2024-25	2024	QTP year 3
	QTP 4	January 1, 2025	2025-26	2025	QTP year 4
	QTP 5	January 1, 2026	2026-27	2026	QTP year 5, ends December 31, 2026
Limitation Period (10 Years)	1	January 1, 2027	2027-28	2027	\$100 million appraisal limitation
	2	January 1, 2028	2028-29	2028	\$100 million appraisal limitation
	3	January 1, 2029	2029-30	2029	\$100 million appraisal limitation
	4	January 1, 2030	2030-31	2030	\$100 million appraisal limitation
	5	January 1, 2031	2031-32	2031	\$100 million appraisal limitation
	6	January 1, 2032	2032-33	2032	\$100 million appraisal limitation
	7	January 1, 2033	2033-34	2033	\$100 million appraisal limitation
	8	January 1, 2034	2034-35	2034	\$100 million appraisal limitation
	9	January 1, 2035	2035-36	2035	\$100 million appraisal limitation
	10	January 1, 2036	2036-37	2036	\$100 million appraisal limitation
Maintain a Viable Presence (5 Years)	11	January 1, 2037	2037-38	2037	No appraisal limitation; must maintain a viable presence
	12	January 1, 2038	2038-39	2038	No appraisal limitation; must maintain a viable presence
	13	January 1, 2039	2039-40	2039	No appraisal limitation; must maintain a viable presence
	14	January 1, 2040	2040-41	2040	No appraisal limitation; must maintain a viable presence
	15	January 1, 2041	2041-42	2041	No appraisal limitation; must maintain a viable presence