

**CHAPTER 381 ECONOMIC DEVELOPMENT AGREEMENT BETWEEN TOM
GREEN COUNTY AND ENERGY SERVICE COMPANY**

STATE OF TEXAS

COUNTY OF TOM GREEN

This Chapter 381 Agreement (“Agreement”) is entered into on March 18, 2014 (“Effective Date”) by and between **TOM GREEN COUNTY (“County”)**, Texas, duly acting herein by and through its County Judge, and **ENERGY SERVICE COMPANY (“Company”)** acting herein by and through their duly authorized officers.

WITNESSETH:

WHEREAS, in accordance with Article III, Section 52-a of the Texas Constitution and Chapter 381 of the Texas Local Government Code under which the County has the authority to make loans or grants of public funds for the purposes of promoting local economic development by stimulating business and commercial activity within the County for new, developing, and expanding businesses; and

WHEREAS, Company intends to locate equipment (personal property) in the County, which would increase the County’s property tax base, and Company’s operations in the region will create employment opportunities for residents of the County; and

WHEREAS, in order to encourage Company to locate equipment in the County, County intends to provide Company a personal property tax rebate; and

WHEREAS, the County has concluded and hereby finds that this Agreement promotes economic development in the County and, as such, meets the requirements under Chapter 381 and is in the best interests of the County; and

WHEREAS, on the Effective Date, the commitments contained in this Agreement shall become legally binding obligations of County and Company; and

NOW, THEREFORE, in consideration of the mutual benefits described in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, County and Company agree as follows:

1. **Definitions.** For the purposes of this Agreement, when not inconsistent with the context, words, used in the present tense include the future tense, words in the plural include the singular, and words in the singular include the plural, and the use of any gender shall be applicable to all genders whenever the sense requires. The words “shall” and “will” are mandatory and the word “may” is permissive. Words not defined in this Agreement shall be given their common and ordinary meaning. The following words shall be given the meanings designated.

- a. **Baseline Date or Baseline** shall mean the date from which Company's capital assessed value requirements shall be measured, which shall be January 1, 2014.
 - b. **Property** shall refer to as tangible personal property.
2. **Capital Investment / Assessed Value.** Company represents that it will use its best efforts to make a capital investment in Property with a minimum assessed value of ten million dollars (\$10,000,000) by December 31, 2014 and agrees to maintain during the term of the Agreement this minimum assessed value.
3. **Grant of Personal Property Tax Rebate.** In consideration of Company making a capital investment in Property in the County, the County agrees, subject to the terms and conditions contained herein, that Property shall be entitled to a fifty percent (50%) rebate of County property taxes paid, hereinafter ("Property Tax Rebate") for the increase in value of said Property over the Base Year for a period of five (5) years. The first Property Tax Rebate shall be for property taxes paid on Property assessed on January 1, 2015. The County, in its sole discretion, may extend this Agreement for an additional period of five (5) years.
4. **Payment of Rebate.** All Property Tax Rebate payments subject to this Agreement shall be paid to Company by the County no later than March 31st of each year following the January 1st assessment date for which the County receives an annual report from Company. The first payment shall be due March 31, 2016.
5. **Vehicle Registration.** Company represents that it shall make its best effort to register all new vehicles subject to this Agreement in County.
6. **Facility Location.** For any facility or yard established by Company to operate or store commercial vehicles subject to this Agreement, Company shall make its best effort to locate such facility or yard within one-half mile of US 67 South or FM 853 and west of FM 2288 to mitigate the impact of commercial traffic in the County.
7. **Compliance with Law.** Company agrees to abide by all applicable laws, ordinances, codes, rules, requirements, or regulations of the County and the State of Texas, and any subdivision, agency, or authority thereof in effect at the time of the development.
8. **Payment of Taxes and Assessments.** Company agrees to pay all property taxes that may be owed to the County or any other taxing entity prior to such taxes and/or assessments becoming delinquent; provided that Company shall have the right to contest in good faith the validity or application of any such property tax or assessment and shall not be considered in default hereunder so long as such contest is diligently pursued to completion.

9. **Submission of Reports**

- a. Company shall submit to the County, on an annual basis on or before March 31st, the information or reports necessary for the monitoring of the performance criteria established in this Agreement for Company.
- b. Because of the highly competitive nature of the industry in which Company does business, the County agrees that the reports which Company is required to submit may contain information which Company considers to be valuable proprietary information. As such, the County agrees to keep any and all reports provided by Company as confidential information to the extent the documents are not public information under the Public Information Act, Chapter 552, TEXAS GOVERNMENT CODE, as amended.

10. **Default.** The County shall provide Company written notice of Company's default. If such default is not cured within thirty (30) days from the date written notice is received by Company from the County, then the County may at the County's sole option, terminate this Agreement.

11. **Term.** The term of this Agreement shall be from the Effective Date through December 31, 2020, unless this Agreement is extended by the County, which would extend the term of this Agreement through December 31, 2025.

12. **Miscellaneous.**

- a. **Severability.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable under the present or future laws effective while this Agreement is in effect, such provision shall be automatically deleted from this Agreement and the legality, validity, and enforceability of the remaining provision, there shall be added automatically as part of this Agreement a provision that is similar in terms and substance to such deleted provision as may be possible and yet be legal, valid, and enforceable. The failure of the County to approve this Agreement does not affect the legality, validity or enforceability of this Agreement for the County or Company.
- b. **Texas Law to Apply.** This Agreement shall be construed under and in accordance with the laws of the State of Texas and all obligations of the parties created hereunder are performable in Tom Green County, Texas. In the event of litigation, jurisdiction shall lie in Tom Green County, Texas.
- c. **Amendments.** No amendment, modification or alteration of the terms hereof shall be binding unless the same shall be in writing, dated subsequent to the date hereof and duly executed by the parties hereto.
- d. **No Waiver.** No waiver by any party to this Agreement in any event of default, or breach of any covenant, condition or stipulation herein contained shall be treated

as a waiver of any subsequent default or breach of the same or any other covenant, condition, or stipulation.

- e. **Assignment.** Company may not assign this Agreement without the prior written consent of the County, which consent shall not be unreasonably withheld or delayed; provided, however, that Company may assign this Agreement to an Affiliate or to a party which acquires all or substantially all of the capital stock of Company, upon written notice to the County but without the requirement of prior consent.
- f. **Binding.** This Agreement is binding on the parties herein their successor, assigns, parent corporations and subsidiaries.
- g. **Notice.** All notices by this Agreement (i) shall be in writing, (ii) shall be addressed to the parties as set forth below unless notified in writing of a change in address, and (iii) shall be deemed to have been delivered either when personally delivered or, if sent by mail, in which event it shall be sent by registered or certified mail, return receipt requested, three (3) business days after mailing. The addresses of the parties are as follows:

Energy Service Company
1604 Hwy 59 North
Bowie, TX 76230
Attention: Todd Brown

Tom Green County
112 W. Beauregard
San Angelo, Texas 76903
Attention County Judge

(Intentionally Left Blank)

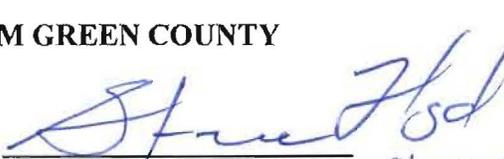
The parties hereto have executed or caused to be executed by their duly authorized officials, this Agreement in multiple counterparts, each of equal dignity.

ENERGY SERVICE COMPANY

By: 

Date: 8-25-14

TOM GREEN COUNTY

By:  County Judge

Date: 12-9-14 Steve Floyd - County Judge

TAX ABATEMENT APPLICATION

Tom Green County

Please submit the answers to the following questions and attach any additional pages as needed along with the application fee.

Business Name: Energy Service Company

Address: TBD for Tom Green County

Mailing Address: 1410 N. Westshore Blvd., Suite 111, Tampa, Florida 33609

Telephone: 813-289-5600

Fax: 813-289-1213

Email: cjevans@meritatc.com

Contact Person: C.J. Evans

Project Description/Work Plan:

1. Legal Description of all property where proposed improvements will be located: TBD
2. Value of existing improvements, if any: \$0
3. Detailed description and value of each proposed improvements:
 - a. Capital Investment (attach schedule of costs): \$11,000,000
 - b. Building: \$1,000,000
 - c. Machinery/Equipment: \$10,000,000
 - d. Other: \$0
4. Project Dates:
 - a. Construction Start Date: TBD
 - b. Construction Completion Date: TBD
 - c. Operations Start Date: TBD
5. Productive Life of proposed improvements: 15 years
6. Number and type of new jobs to be retained by proposed improvements: 0
7. Number and type of new jobs to be created by proposed improvements: 100 (drivers, mechanics, and well service technicians)
8. Amount of local payroll to be created: \$5 million annually
9. Whether new jobs to be created will be filled by persons residing or projected to reside within or projected to reside within affected taxing jurisdiction: An estimated 80% of the 100 new jobs created will reside or are projected to reside in Tom Green County

10. Amount of local sales taxes to be generated directly: \$25,000 annually
11. Amount which property tax base valuation will be increased during term of Abatement and after Abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than \$100,000: \$10 million of assessed value in year one and project that the assessed value will reach \$25 million during the term of the abatement. Project an assessed value of between \$10 million and \$20 million after the abatement
12. The costs to be incurred by Tom Green County to provide facilities or services directly resulting from the new improvements: \$0
13. The amount of ad valorem taxes to be paid to Tom Green County during the Abatement period considering the (a) the existing values, (b) the percentage of new value abated, (c) the Abatement period, and (d) the value after expiration of the Abatement period.
 - a. \$0
 - b. 50%
 - c. 10 years
 - d. \$10 million
14. The population growth of Tom Green County that occurs directly as a result of the new improvements: De minimis. We believe that Tom Green County has sufficient population and existing labor workforce sufficient for Energy Service Company and its affiliates operational needs
15. The types and values of public improvements, if any, to be made by applicant seeking abatement: None
16. Whether the proposed improvements compete with existing businesses to the detriment of the local economy: No
17. The impact on the business opportunities of existing businesses: The new jobs and high wages will help existing businesses by injecting a significant amount of spending power into the local economy
18. The attraction of other new businesses to the area: Having Energy Service Company and its affiliates locate assets in Tom Green County will have a positive effect on future location decisions for other companies
19. The overall compatibility with the zoning ordinances and comprehensive plan for the area: N/A
20. Whether the project obtains all necessary permits from the applicable environmental agencies: N/A or TBD