

CRANE COUNTY APPRAISAL DISTRICT

PLAN FOR PERIODIC REAPPRAISAL

2025/2026

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TAX CODE REQUIREMENT:

Passage of Senate Bill 1652 amended Section 6.05 of the Texas Property Tax code by adding Subsection (i) to read as follows:

- (i) To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place of the hearing. Not later than September 15 of each even-numbered year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the Comptroller within 60 days of the approval date.

Plan for Periodic Reappraisal Requirement:

Senate Bill 1652 amends Section 25.18, Subsections (a) and (b) to read as follows:

- (a) Each appraisal office shall implement the Plan for Periodic Reappraisal of property approved by the board of directors under Section 6.05(i).
- (b) The plan shall provide for the following reappraisal activities for all real and personal property in the district at least once every three years:
 - 1. identifying properties to be appraised through physical inspection or by other reliable means of identification, including deeds or other legal documentation, aerial photographs, land-based photographs, surveys, maps, and property sketches;
 - 2. identifying and updating relevant characteristics of each property in the appraisal records;
 - 3. defining market areas in the district;
 - 4. identifying property characteristics that affect property value in each market area, including:
 - a. the location and market area of property;
 - b. physical attributes of property, such as size, age, and condition;
 - c. legal and economic attributes; and
 - d. easements, covenants, leases, reservations, contracts, declarations, special assessments, ordinances, or legal restrictions;
 - 5. developing an appraisal model that reflects the relationship among the property characteristics affecting value in each market area and determines the contribution of individual property characteristics;
 - 6. applying the conclusions reflected in the model to the characteristics of the properties being appraised; and
 - 7. reviewing the appraisal results to determine value.

REVALUATION DECISION (REAPPRAISAL CYCLE):

The Crane CAD, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises all property in the district yearly. Each property within the district is physically inspected and/or statistically evaluated, a complete appraisal of all properties in the district. Therefore, tax year 2025 is a reappraisal year and tax year 2026 is a reappraisal year.

PERFORMANCE ANALYSIS:

Performance Analysis – the equalized values from the previous tax year are analyzed with ratio studies of the current market to determine the appraisal accuracy and appraisal uniformity overall, and by market area, within property reporting categories. Ratio studies are conducted in compliance with the current *Standard on Ratio Studies* of the International Association of Assessing Officers. Mean, median, and weighted ratios are calculated for properties in reporting categories to measure the level of appraisal accuracy. The median ratio is calculated in each reappraised category to indicate the level of appraisal accuracy by property reporting category. In 2025, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. Likewise, in 2025, the reappraisal year, this analysis is used to develop the starting point for establishing the level and accuracy of appraisal performance. In 2025 and 2026, any reporting category that may have been previously excluded from reappraisal, due to lack of data, will be readdressed. If sufficient market data has been discovered and verified, the category will be tested and analyzed to arrive at an indication of uniformity or equity of existing appraisals.

ANALYSIS OF AVAILABLE RESOURCES:

Staffing and budget requirements for tax year 2025 are detailed in the 2025 budget, as adopted by the Board of Directors of the Crane County Appraisal District, and is attached to this written biennial plan for reference. This reappraisal plan may be adjusted as needed to reflect the available staffing in tax year 2025 and anticipated staffing for tax year 2026. Budget restraints can impact the cycle of real property re-inspection and personal property on-site review that can be accomplished in the 2025-2026 time period.

The Board of Directors of the Crane County Appraisal District has contracted with Pritchard & Abbott, Inc. to provide personnel and expertise towards the completion of the fieldwork, data analysis, and taxpayer protest portions of the reappraisal plan.

The Board of Directors of the Crane County Appraisal District has contracted with Thomas Y. Pickett & Co., Inc. to provide personnel and expertise towards the completion of the appraisal of Mineral, Industrial, Utilities, and related Personal Property including fieldwork, data analysis, and taxpayer protest portions of the reappraisal plan. See attached Addendum for further detail.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current. Real property appraisal value tables are tested against verified sales data to ensure they represent current market data. Personal property values are evaluated and analyzed based on renditions, prior year documentation, and inspections. The Comptroller's Guide is utilized to appraise new and/or undocumented personal property and for verification purposes.

Information Systems (IS) support is detailed and system upgrades are scheduled. Existing maps and data requirements are continually updated and kept current.

PLANNING AND ORGANIZATION:

A calendar of key events with critical completion dates is prepared for each area of work. This calendar identifies key events for appraisal, clerical, customer service, and information systems. A calendar is prepared for tax years 2025 and 2026. Production standards for field activities are calculated and incorporated in the planning and scheduling process.

The projected dates incorporated into the calendar may be adjusted within the overall plan due to unforeseen changes in staffing, budgetary constraints, weather, and/or reevaluation of the priorities of the projects within the plan.

Periodic and concurrent examination of production standards, goals, and progress in the plan may very well require adjustments to the on-going plan or to the plan for the succeeding year(s). The CAD and the Chief Appraiser, together with the field staff provided by Pritchard and Abbott, Inc., will work together closely to identify issues that may affect the successful completion of the on-going plan and strive to resolve them.

MASS APPRAISAL SYSTEM:

Computer Assisted Mass Appraisal (CAMA) system revisions are completed by the Information Systems Software Provider. System revisions and procedures are performed by the Provider. Crane County Appraisal District contracts with the firm of Pritchard & Abbott, Inc. for these services.

Real Property Valuation

Revisions to cost models, income models, and market models are specified, updated, and tested each tax year, as information is available.

Value schedules are tested with market data (sales) to ensure that the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Value tables, as well as depreciation tables, are tested for accuracy and uniformity using ratio study tools and compared with cost data from recognized industry leaders, such as Marshall & Swift as necessary.

Land schedules are updated using current market data (sales) and then tested with ratio study tools. Value schedules are developed and tested on a pilot basis with ratio study tools.

Personal Property Valuation

Valuation procedures are reviewed, modified as needed, and tested. The latest edition of the Comptroller's Guide and Marshall & Swift are utilized, as necessary, in the appraisal of personal property in the district.

Noticing Process

25.19 appraisal notice forms are provided by the IS Provider. The Provider reviews and edits for updates and changes required by legislative mandates.

The district publishes, in the local newspaper, information about the notices and how to protest. The district makes available the latest copy of the Comptroller's pamphlet *Taxpayer's Rights, Remedies, and Responsibilities*.

Hearing Process

Protest hearing scheduling for informal and formal Appraisal Review Board hearings is reviewed and updated as required. Standards of documentation are reviewed and amended as required. The appraisal district hearing documentation is reviewed and updated to reflect the current valuation process and requirements. Compliance with House Bill 201 is insured.

DATA COLLECTION REQUIREMENTS:

Field and office procedures are reviewed and revised as required for data collection. Projects for each tax year include new construction, demolition, remodeling, re-inspection of problematic market areas, re-inspection of the universe of properties on a specific cycle, and office (or field) verification of sales data and property characteristics.

New Construction/Demolition

New construction field and office review procedures are identified and revised as required. Sources of building permits (as available) are confirmed. Municipal and

county offices provide, as available, notification of utility hookups, septic system installation, development permits, demolition orders, etc. Official Public Records also indicate new development areas that must be inspected. New Mobile Home installations, as verified with the Texas Department of Housing & Community Affairs, are also included in the yearly inspections.

Remodeling

Properties with extensive improvement remodeling are identified and field inspections are scheduled to update property characteristic data. Official Public Records provide indications of properties that may be undergoing enhancement through Deeds of Trust, Mechanics Liens, etc.

Re-inspection of Problematic Market Areas

Market Areas are areas within the Appraisal District where values are considered consistent or in relative harmony among individual properties, an area where physical, economic, governmental and social forces and other influences (i.e. demographic patterns, regional location factors, employment and income patterns, general trends in real property prices and rents, interest rate trends, availability of vacant land, and construction trends and costs) have similar influences on property values. The affect on values may be real and quantifiable, or may be perceived. In either case, the market area is the first basis for market analysis.

Real property market areas (neighborhoods), by property classification, are tested for consistently low or high sales ratios and/or high coefficients of dispersion. Market areas that fail any or all of these tests, or are located in areas of development or change, are determined to be problematic. Field inspections are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified.

Re-inspection of the Universe of Properties

The International Association of Assessing Officers' *Standard on Mass Appraisal of Real Property*, specifies that the universe of properties should be re-inspected on a cycle of 3 years. The re-inspection includes physically viewing the property, photographing (if possible), and verifying the accuracy of the existing data. The field appraiser has an appraisal card of each property to be inspected and makes notes of changes, depreciation, remodeling, additions, etc. The annual re-inspection requirements for tax years 2025 and 2026 are identified and scheduled in the written reappraisal plan.

Verification of Sales Data and Property Characteristics

Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio analysis requires that the sales record must accurately reflect the property appraised in order that statistical analysis results will be valid and therefore be an accurate example of the universe of properties to which any adjustments will be applied. The conditions of each sale are investigated and confirmed, to the greatest extent possible, to determine its applicability to the overall market analysis. Properties exhibiting atypically high or low sales ratios (outliers) are especially scrutinized with reference to the Texas Property Tax Code definition of Market Value, Sec. 1.04(7), and may be excluded from the general market analysis if the transaction conditions do not correspond to the aforementioned definition of Market Value.

PILOT STUDY BY TAX YEAR:

New and/or revised mass appraisal models are tested each tax year. Ratio studies, by market category, are conducted on proposed values each tax year. Proposed values on each category are tested for accuracy and reliability. Actual test results are compared with anticipated results and those models not performing satisfactorily are refined and retested. The procedures used for model specification and calibration are in compliance with USPAP, STANDARD RULE 6. The appraisal model used to determine property value is listed as follows.

1. Market Value of Residential Property =
Replacement Cost New X Total Percent Good + Depreciated Additive Values + Land Value
(Adjusted by Market Indicators as determined by Sales Data, as available)
2. Market Value of Commercial Property =
Replacement Cost New X Total Percent Good + Depreciated Additive Values + Land Value
(Adjusted by Market Indicators as determined by Sales Data, as available)
3. Market Value of Manufactured Housing =
Replacement Cost New X Total Percent Good + Depreciated Additive Values
4. Market Value of Commercial Personal Property =
Units x (Price/Unit of Inventory) + Units x (Price/Unit of FFE x Percent Good) + Additive Values
(Verified and adjusted by yearly Personal Property Renditions)
5. Market Value of Vacant Lots or Acreage =

Units x Price/Unit
(As determined by Market Transactions)

6. 1-d-1 Special Use Valuation (Ag Value) =
Units x Value per Acre of Agricultural Use
(As determined by Net Income per Acre/State Mandated Cap Rate)

VALUATION BY TAX YEAR:

Using market analysis of comparable sales and locally tested cost data (if available), valuation models (Value Per Square Foot Schedules) are specified and calibrated in compliance with supplemental standards from the International Association of Assessing Officers and the Uniform Standards of Professional Appraisal Practice. The calculated values are tested for accuracy and uniformity using ratio studies. Performance standards are those as established by the *IAAO Standard on Ratio Studies*. Property values in all market categories are analyzed and updated as necessary each reappraisal year.

In order to evaluate the accuracy of the schedule values, property sales information is collected throughout the year. Each property buyer receives a sales letter along with any other necessary forms as soon as the CAD office updates the ownership in the appraisal records. When the sales letter is returned, the sale amount and any other pertinent information are recorded within that parcel's sales records. Information is gathered also from real estate offices, other appraisers, other appraisal districts, and state reviewers. All credible information is included in the sales records and confirmation is attempted through additional sales letters (to buyers and sellers as necessary) or other personal contact. Given that the State of Texas is a non-disclosure state, and that the information needed by the Appraisal District is often confidential in nature, the market analysis performed is limited by the availability of pertinent and complete data, including sales prices, sales conditions and circumstances, income and expense data, etc. As discussed, hereafter, each sale is initially considered (assumed) to be a market transaction unless otherwise proved. The resulting conclusions from the market analysis are therefore limited by those assumptions. The Mass Appraisal conducted yearly by the Crane CAD also can claim the Jurisdiction Exemption (USPAP) due to the limited scope and purpose of the appraisal, and considering the guidelines of the Texas Property Tax Code.

Each sale is analyzed to determine the conditions of the sale. All sales included in the study must be a "market value" transaction, as defined in the Texas Property Tax Code, section 1.04(7), and quoted earlier in this manual. Any sale determined to not be an "arms length" transaction is then omitted from the final study. Several criteria are also considered when determining if each sales price needs any adjustment including, but not limited to: date of sale (in comparison to date of appraisal), special or unusual financing terms, inclusion of personal property, inclusion of intangible value, and significant variances between the market value and the sale price due to physical changes to the property that cannot be accounted for due to the January 1 target date. If adjustments can be made to the sales price to show a current, "arms length" value (including time and

financing adjustments), the adjusted value is used in the ratio study. Any adjustments to reported sales prices must be discussed, debated, and approved by the appraisal supervisor and the Chief Appraiser.

Sales used to determine real estate value should not include value that can be attributed to personal property or intangible value. For example, if a home sells, and the transaction included personal property (vehicles, boats, furniture, free-standing appliances, tools, etc.), the value associated with that personal property should be deducted from the reported sales price. The resulting, adjusted sales price is then used in the ratio study. Likewise, commercial property transactions often include both personal property and intangible value. For example, if a motel sells and the buyer purchased the motel franchise along with the real estate, the value of the franchise (being intangible) should be deducted from the sales price before being used in any market study. Determining the value of any intangibles in any transactions can be problematic and will require research into the industry and the local and similar markets. Although suspected by the appraisal staff, and often reported by buyers, adjustment for intangibles requires confirmation from outside sources and the seller.

Financing adjustments occur rarely. Typically, prudent buyers will strive to acquire the most reasonable financing available, and then purchase the property of their choice using that same financing. Atypical financial arrangements usually accompany transactions that would not be considered “arms length” and would therefore be omitted from the ratio study.

Time adjustments are adjustments to the reported sales price of the property that are made when and if it can be proven that the general market trend in an area is changing over a given time period. While relatively simple to calculate in the abstract, time adjustments are extremely difficult to quantify without substantial data, especially in small, rural markets. If a typical property transfers more than one time in a given time period (ideally no more than 1 year), each time being an arms-length transaction, with typical financing, and without physical changes to the property, the difference in the sales prices can be attributed to the general market. This difference, expressed as a positive or negative percentage per month, can then be applied to other property’s sales prices to adjust the price to a standard date, usually January 1st of the appraisal year. For example, a residence may sell for \$50,000 on June 1st and then sell again October 1st (5 months later) for \$55,000. The difference of \$5,000 (or 10% of the original sales price) is allocated as a market increase of 2% per month. A market Decrease is calculated in the same way. If this was an arms-length transaction of a typical property, that same percentage of increase or decrease can be used on other sales to adjust their sales prices to the January 1 target date.

A statistical analysis of each class of property is conducted using the available, credible, and adjusted sales information. Within each class of property, the appraisal district looks for not only an acceptable median value, but also a reasonable COD. Each of these values is considered when determining whether to adjust a class schedule, and by how

much. The sample size of each class analysis is also a major consideration. Classes that exhibit little or slow activity are allowed a larger variance due to the fact that minimal data sets (small samples) may tend to give incomplete analysis or biased results for an entire statistical population.

Once a median value indicates that a particular property type or class needs adjustment, and the COD value reflects a consistent result, schedule values are recalculated to produce a revised analysis. The resulting median ratio should indicate that the adjusted appraised values of property more closely match the current market value, as tested by the sales used in the analysis. The appraised values of all properties, sold and unsold, within that type or class are then recalculated, using the increase or decrease indicated by the ratio study, and submitted for notification.

A similar process is used to determine whether any neighborhood factors are needed by analyzing sales within a specific area (market segments) in comparison to the overall general market. These areas could be neighborhoods, cities, school districts or any other definable area within the appraisal district that displays market trends or values differing from the trends or values derived from the market as a whole. Any significant and quantifiable differences then need to be addressed with economic adjustments to the properties within the pertinent area.

Ratio Study Procedures

I. Collect and Post Sales Data

- A. Solicit sales information from all new property owners through sales letters and/or personal contact
- B. Collect sales information from outside appraisers and from fee appraisals presented
- C. Utilize sales information from Comptroller's office.
- D. Post sales information to the sales database
 1. Record actual sale price
 2. Note unusual financing
 3. Note non-arm length participants
 4. Adjust sales price for inclusion of personal property or intangible value
 5. Initiate frozen characteristics/partial sale codes if necessary
 - a) Imminent construction/renovation can bias any later analysis by including values not part of the original transaction
 - b) Sale including only a portion of the property described can also produce skewed results

II. Preliminary Analysis

- A. Run sales analysis (by type, group, or class) which includes any and all sales collected to date
- B. Note median result and COD
- C. Examine each sale included

1. Compare sale ratio to median result
2. Ratios substantially higher or lower than the median result (outliers) are singled out for further, in-depth analysis
 - a) Note seller-financial institutions, known real estate opportunists, probates, known persons who finance their own transactions
 - b) Note buyer-financial institutions, known real estate opportunists, and re-location companies
 - c) Examine deed records to confirm “arms length” violations not evident from examination of buyer and seller
 - i) contract for deed
 - ii) assumption of previous note
 - iii) atypical financing
 - d) Re-inspect properties to rule out any physical differences from the current property records
 - e) Outlier sales that cannot be excluded or adjusted due to the reasons given above are nonetheless included in the subsequent analysis
- D. Adjust original data set
 1. Omit sales that are not arms length
 2. Adjust sales values for time or financing if necessary and possible
 3. Adjust appraisal values for physical differences if applicable

III. Secondary Analysis

- A. Run sales analysis (by type, group, or class) utilizing information from preliminary analysis
- B. Note median result and COD
 1. Median value may or may not change significantly
 2. COD value should improve
- C. Note sample size
 1. Compare number of sales within the class to the perceived number of total properties within the class
 2. From experience and discussion among the appraisal staff, determine whether any median result different from 1.00 is significant
- D. Attempt to increase sample size—if necessary
 1. Utilize time adjustments if determinable
 2. Keep in mind marketing time for local market and any trends
 3. Be careful to not include more sales just for sales sake
 4. Changing markets and trends cannot be reflected in sales that are too old without accurate time adjustments.
- E. Apply results of analysis to current records
 1. Any class whose median value is **NOT SIGNIFICANTLY** different from 1.00 does not require adjustment.
 2. Any class whose median value indicates that an adjustment is necessary should be analyzed

- a) Look at typical depreciation (age/condition) for that class as reflected in the sales analysis
 - b) Calculate increase necessary to raise the individual ratios to produce a median result of 1.00 (keeping in mind that because of depreciation, the percentage increase required is going to be necessarily larger than the difference in percentage points needed to reach a 1.00 result)
 - c) Apply the calculated increase to the database
 - 3. Repeat procedure for all classes determined to need adjustment
- F. Run analysis again to test results
- IV. Examine results to identify neighborhoods that need adjustment
 - A. As individual sales are examined, note any areas/neighborhoods/sub-divisions that consistently show ratios significantly different from the median result
 - B. Run analysis excluding the area in question
 - C. Run analysis including only the neighborhood in question
 - D. Check for significant variance between the two results
 - E. Apply neighborhood factor to correct variance

VALUE DEFENSE:

Evidence to be used by the appraisal district to meet its burden of proof for market value and equity in both informal and formal appraisal review board hearings is specified and tested. Taxpayers have the option to present their concerns informally to the chief appraiser, or by appointment with the Pritchard & Abbott/ Thomas Y. Pickett staff. Should an understanding not be reached informally, the taxpayer may present their arguments to the Appraisal Review board as a formal appeal. The appraisal staff provided by Pritchard & Abbott Inc./Thomas Y. Pickett defends the position of the chief appraiser before the ARB. The Appraisal District has the burden of proof for the value as notified. Evidence for further consideration by the CAD or the ARB should be presented by the taxpayer.

THE WRITTEN REAPPRAISAL PLAN FOR CRANE COUNTY APPRAISAL DISTRICT

PLANNING A REAPPRAISAL

Variation in reappraisal requirements requires Crane County Appraisal District to carefully plan its work before beginning any reappraisal. Although the planning process may vary in specifics, it should involve five (5) basic steps:

1. Assess current performance.
2. Set reappraisal goals.
3. Assess available resources and determine needs.
4. Re-evaluate goals and adjust as necessary.
5. Develop a work plan.

STEPS IN A REAPPRAISAL

The International Association of Assessing Officers (IAAO) textbook, Property Appraisal and Assessment Administration, lists steps in a reappraisal. These steps outline those activities performed by Crane County Appraisal District for the completion of periodic reappraisals. Activities are listed below in the order in which they occur:

1. Performance Analysis:
 - ratio study
 - equity of existing values
 - consistency of values with market activity
2. Revaluation Decision:
 - statutory – at least once every three years
 - administrative policy
3. Analysis of Available Resources:
 - staffing
 - budget
 - existing practices
 - information system support
 - existing data and maps
4. Planning and Organization
 - target completion dates

- identify performance objectives
- specific action plans and schedules
- identify critical activities with completion dates
- set production standards for field activities
- 5. Mass Appraisal System:
 - forms and procedures revised as necessary
 - CAMA (computer assisted mass appraisal) system revisions as required
- 6. Conduct Pilot Study
 - test new/revised appraisal methods as applicable
 - conduct ratio studies
 - determine if values are accurate and reliable
- 7. Data Collection
 - building permits and other sources of new construction
 - check properties that have undergone remodeling
 - re-inspection of problematic properties
 - re-inspection of universe of properties on a cyclic basis
- 8. Valuation:
 - market analysis (based on ratio studies)
 - schedules development
 - application of revised schedules
 - calculation of preliminary values
 - tests of values for accuracy and uniformity
- 9. Value Defense:
 - prepare and deliver notices of value to property owners
 - hold informal hearings
 - schedule and hold formal appeal hearings

**Note—the burden of proof (evidence) of notified market values and equity falls on the appraisal district. **

Crane County Appraisal District

Residential, Commercial, Rural, and Personal

Property

2025/2026 Reappraisal Plan

Pursuant to Section 25.18 of the Texas Property Tax Code, the Crane County Appraisal District has established the following reappraisal plan to provide for the reappraisal of all property within the district at least once every three (3) years. The plan establishes a two-fold approach:

1. **Three-Year Cycle (Physical Inspections):** The CAD is divided into three areas. See attached map for reference. Each year, all real residential and commercial property within one of the areas will be reappraised, regardless of any ratio study/report findings. The property categories include Category A, B, C, D, E, F, M and, verification by visual inspection, Category L. These areas, and the planned reappraisal cycle years, are identified as follows:
 - a. Area Two: (2025)– Crane County (Everything outside the city of Crane)
 - b. Area Three: (2026) - Clean Up/ Re-Checks
 - c. Area One: (2027) – City of Crane
 - d. As mentioned prior, these yearly plans are designed to be flexible within the overall reappraisal plan. The specific workload within and between plan years may need to be adjusted to provide for complete and accurate reappraisals.

**Note: all income producing personal property within the CAD is appraised on an annual basis, regardless of its location. **

2. **Annual Market Analysis:** In addition to the three-year cycle stated above, ratio studies shall be performed annually to determine areas or categories of properties within the CAD which need to be reappraised within the current year based on sales ratios. Any areas or categories whose ratios are above or below statutory requirements, or are in areas of growth or change, shall be reappraised in the current year regardless of the area in which they are located.

Using the most recent sales information, there are no specific geographic locations, other than the entire county of Crane, used in the sales analysis. All sales gathered within the county of Crane and the city of Crane are used in conjunction to complete the sales analysis. During the sales analysis sales are sorted by type and class. To date there are no discernible “market areas” within Crane County.

This two-fold approach will insure not only that all residential and commercial property within the CAD is reappraised at least once every three years, but also that all other categories within the CAD are reviewed annually so that the appraisal district stays current with respect to market value in those areas where residential and/or commercial property values appear to be changing rapidly.

- Each inspection of property will identify and verify or update the relevant characteristics of the property. These characteristics include but are not limited to: Name and address of owner, physical address, legal description, multiple ownerships, and any other means of differentiating the property.
- Market area analysis involves the examination of how physical, economic, governmental and social forces and other influences affect property values. The effects of these forces are also used to identify, classify, and stratify comparable properties into smaller, manageable subsets of the universe of properties known as market areas. In an area of very stable and homogenous values, the market area may be the entire district. More often, the market areas are School Districts, Cities, or Sub-divisions. If adequate and accurate information is available, further delineation is possible. During the reappraisal, field appraisers are directed to be complete and consistent in the gathering of information on each property's characteristics. Once recorded, these characteristics can be used to sort market data (sales) to determine whether these characteristics have any effect on the value of properties within the market area. Further, the degree of effect that these characteristics have on the value can be used to define and delineate the market areas, one from another. In homogeneous markets, the market areas will be fairly consistent over time. On the other hand, once the determination has been made to recognize a distinct market area, that area may change both qualitatively and quantitatively from year to year. Therefore, it is imperative that reappraisal data collection be complete.
- Each property inspection should verify the existing data for each property as recorded on the property appraisal card, record, or worksheet. Any changes from the existing records must be noted. These changes in data, or characteristics, of the property would include any and all things that may have an effect on property value. These characteristics include but are not limited to Site Value (location, footage, topography, agricultural usage, etc.), Improvement description (construction method, quality, condition, perceived and actual age, configuration, additives, etc.), and Economic or Legal limitations. These characteristics form the basis of differentiation and value development in our mass appraisal Value Schedules.
- Each property has an appraisal record or "card". This record shows the current characteristics and their contributory value to the property value as a whole. During reappraisal, these are the characteristics that must be verified, modified, and updated so that not only the property be described fully and valued completely, the market data from sale transactions can be analyzed to verify, modify, and update the characteristics Value Schedules.

- The previously mentioned Market Analysis is the method used to test the appraisal results. If all pertinent and relevant characteristics are recorded and valued, and the resulting appraisal value is not statistically consistent with a sample of market value indicators (market sales, construction cost analysis, income stream valuation), then the contributory values one or more of the characteristics must be modified or adjusted.

Organization

Field inspections are carried out by the Pritchard & Abbott field appraisers as assigned by the Pritchard & Abbott supervisor, with input and direction from the chief appraiser. The field appraiser physically inspects areas required by the reappraisal cycle, checks all existing data, works building permits, takes photographs of improvements (if possible), enters all data on the Cama Cloud system, and rechecks any property on which a question or problem has arisen. Other duties may be required and will be executed upon direction of the chief appraiser, or supervisor. Data entry of fieldwork, notes and sketches are submitted for final review by the Appraisal District staff.

The Pritchard & Abbott staff performs market analysis. Sales data is gathered throughout the year by CAD staff from deed records, sales confirmation letters from property owners, and other sources. The market data is analyzed, sales data is confirmed, outliers are identified, existing classification system is reviewed, market schedules are reviewed and updated as necessary, and final market schedules are presented to the chief appraiser for discussion and application to the universe of properties.

2025 Reappraisal Schedule

August to December:	Plan and begin field inspections.
Mid December 2025:	Begin planning sales ratio studies for all areas within the CAD. Gather current sales data from sales confirmation letters, deed records, and other sources.
January to March:	Mail homestead applications, special-use valuation applications, personal property renditions, exemption applications, and any other required forms. Complete field inspections as provided by the reappraisal plan area. Begin running sales ratio reports. Compare with CAD values and sales information. Identify necessary schedule adjustments.
March through April:	Continue running sales ratio reports. Refine sales analysis and mass appraisal schedules. Statistically test schedules. Complete data entry of all reappraisal and maintenance changes. Assist field appraiser with reappraisal functions as needed. Finalize all field work and data collection activities. Execute mass appraisal/maintenance activities as required. Prepare for mailing 2025/2026 Notices of Value.
May through June:	Hold informal hearings. Respond to property owners' inquiries, protests, and questions from notice mailings. Provide certified estimated values to taxing units. Hold ARB hearings.
July:	Process and mail ARB orders. Enter into computer all changes as ordered by ARB. ARB approval of appraisal records by July 20 th or as soon thereafter as is practicable. Certification of appraisal records and values to taxing units by July 25 th or as soon thereafter as is practicable.
As needed throughout the year:	Handle any outstanding protests by scheduling ARB hearings.

2026 Reappraisal Schedule

The same timetable and duties apply in each year. The field appraiser shall physically inspect all property in area as described in the succeeding Appraisal Area as defined in the 3-year cycle. The chief appraiser and CAD staff shall continue to complete the same duties and reappraisal steps as outlined for 2025.

PUBLIC MEETING HELD:

September 11, 2024

PRESENTED BY:

Byron Bitner
Chief Appraiser

**APPROVED, CRANE COUNTY
BOARD OF DIRECTORS:**

[Signature]
Chairman

Crane County Appraisal District
Oil and Gas Reserves
2025-26 Appraisal Procedures and Reappraisal Plan

August 7, 2024

by

Thomas Y. Pickett & Company, Inc.

APPRAISAL PROCEDURES & REAPPRAISAL PLAN

OIL AND GAS RESERVES

Executive Summary

- Thomas Y. Pickett & Co., Inc. (“Thomas Y. Pickett” or “Pickett”) annually reappraises all producing mineral leases within the CAD’s boundaries using a Discounted Cash Flow (“DCF”) methodology.
- Thomas Y. Pickett uses the Comptroller’s Manual for Discounting Oil and Gas Income pursuant to Tax Code Section 23.175.
- Thomas Y. Pickett determines oil and gas prices in accordance with Tax Code Section 23.175.
- Thomas Y. Pickett’s written procedures for identifying new properties are included herein.

Overview

Oil and gas reserves consist of interests in subsurface mineral rights. Thomas Y. Pickett & Co. is contracted to reappraise this type of property annually for the appraisal district. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). “Market value” means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- A. exposed for sale in the open market with a reasonable time for the seller to find a purchaser.
- B. both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- C. Both the seller and purchaser seek to maximize their gains, and neither is in a position to take advantage of the exigencies of the other.

The appraisal results will be used as the tax base upon which a property tax will be levied. Each mineral interest is listed on the appraisal roll separately from other interests in the mineral in place in conformance with the Texas Property tax Code Sec. 25.12. A listing of the oil and gas properties appraised by Pickett for the appraisal district shall be made available at the appraisal district office. Subsurface mineral rights are not susceptible to physical inspection. This condition creates the need to invoke the Departure Provision as required by the Standards Rule

6-7 (f) comment on the Uniform Standards of Professional Practice. However, the inability to physically examine the property does not affect the appraisal process or the quality of the results. The appraisal district is aware of this limiting condition and agrees that it is appropriate.

Documents relevant to an understanding of these appraisals include the confidential rendition, if any, filed with the appraisal district by the owner or agent of the property; the Texas Comptroller's Manual for Discounting Oil and Gas Income; other reports described in the Texas Property Tax Code; and other confidential data supplied by the owner or agent; the General Appraisal Manual adopted by the Texas Comptroller of Public Accounts; Property Assessment Valuation published by the International Association of Assessing Officers and adopted by the Texas Comptroller of Public Accounts and the Texas Property Tax Code.

Pickett's oil and gas appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. Oil and gas appraisal staff stays abreast of current trends affecting oil and gas properties through review of published materials, attendance at conferences, course work and continuing education. All oil and gas appraisers are registered with the Texas Department of Licensing and Regulation, (formerly, the Texas Board of Tax Professional Examiners).

Assumptions and Limiting Conditions

All appraisals are subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages or other encumbrances have been disregarded and the property is appraised as free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Appraisal District.
4. The appraisers do not inspect every property every year.
5. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
6. All information in the appraisal documents have been obtained by members of Thomas. Y. Pickett's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.

Property Discover and Data Collection Process

Mineral properties are identified and appraised based on their Railroad Commission Identification Number (RRCID). Upon completion of a new well, a Completion Report must be submitted to the Railroad Commission (RRC). The RRC then issues a RRCID. Production from that property is reported by RRCID. Periodically, wells are completed and start producing prior to being issued a RRCID. The production from these wells still must be reported to the RRC and are usually reported by Drilling Permit Number (DP). Since mineral properties are appraised using a Discounted Cash Flow analysis, production data is required to do the analysis. The RRC is the primary source of that data.

Procedure:

1. At the beginning of the year, the RRC database is searched for new wells that started producing prior to January 1 of the appraisal year. These wells are identified by RRCID or Drilling Permit (DP) number and added to the mineral appraisal database for the county. A well is considered to have value as of January 1 if it has reported production prior to that date, has filed a completion report showing completion prior to that date, or was perforated into a producing formation which showed the presence of oil or gas prior to January 1.
2. Completion reports and plates are retrieved from the RRC to identify the location of the producing wells. These locations are cross-referenced with jurisdictional maps to establish situs.
3. Division of Interest (DOI) statements are requested from the operator of the well to establish working and royalty interests.
4. Additional reviews of the RRC database are done periodically during the year to identify any wells that may have been added to the RRC database after the first of the year but were completed prior to January 1 of the appraisal year. New producing wells identified after the appraisal period are supplemented, going back up to five years.

Other appraisal data on the subject properties are collected from required regulatory reports from the Texas Railroad Commission and the Texas Comptroller of Public Accounts and by the property owner. Submitted data may be on a rendition form or in other modes that require confidentiality. Subject property data are verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports and through analysis of comparable properties, if any. Due to the unique nature of many oil and gas properties there is no standard data collection form or manual.

Valuation Approach and Analysis

The three generally accepted approaches used in determining the Market Value of assets are the cost, income, and market approaches. The following is a brief description of the three general approaches to value.

Cost Approach

The cost approach considers the replacement cost of an asset as an indicator of value. The cost approach is based on the assumption that a prudent investor would pay no more for an asset than the amount for which he could replace or recreate the asset. The cost approach is sometimes performed by estimating the replacement cost of an asset functionally similar to the subject. Often, historical cost data can be used to indicate the current cost of reproduction or replacement. Adjustments are made for physical deterioration and the functional and economic obsolescence of the appraised asset.

Income Approach

The income approach measures the present worth of anticipated future net cash flows generated by the subject assets. The net cash flows are forecast for an appropriate period or capitalized in the case of a single period model, and then discounted to present value using an appropriate discount rate.

Market Approach

The market approach is performed by observing the price at assets comparable to the subject asset are bought and sold. Adjustments are made to the data to account for capacity differences and other relevant differences between the subject asset and the comparable assets.

Depending on the facts and circumstances of a particular appraisal, applying the three approaches independently of one another can yield conclusions that are substantially different. As the appraisal is performed, the strengths of the individual approaches are considered and the influence of each approach in the appraisal process is weighed according to its likely accuracy.

All oil and gas interest values are arrived at through an appraisal of the whole property. Each fractional interest is then assigned a value on the basis of its relative share of expenses, income.

and the value of the operating equipment. Multiple producing zones in the same well may be treated as separate properties.

Oil and gas properties are principally appraised through the income approach to value. Specifically, the discounted cash flow (DCF) technique is used almost exclusively. The almost exclusive reliance on income approach methods, adjusted for risk and market conditions, is typical of the oil and gas industry in dealings between buyers and sellers as well as in single-property appraisals. A mineral property's intrinsic value is derived from its ability to generate income by producing oil and/or gas reserves.

Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected revenue stream to reflect the individual characteristics of the subject property. The DCF model is also calibrated through the use of lease operating expenses that reflect the individual characteristics of the subject property.

A jurisdictional exception to the DCF model, as this process is described in the Statement on Appraisal Standards No. 2 of the Uniform Standards of Professional Appraisal Practice, must be taken. Section 23.175 (a) of the Texas Property Code specifies that the price of oil and gas used for the first year of the DCF analysis must be the monthly average price of the oil and gas received from the interest for the preceding year multiplied by a market condition factor as promulgated by the Texas Comptroller's office. Furthermore, the prices used for succeeding years are based upon escalation factors also stipulated by the Texas Comptroller's office.

The highest and best use analysis of the oil and gas reserves is based on the likelihood of the continued use of the reserves in their current use. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

Review and Testing

Review of appraisals is performed through a comparison of income indicators and compliance with Section 23.175 of the Texas Property Tax Code. A review of property values with respect to year-to-year changes and with respect to industry-accepted income indicators is conducted annually. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process.

Appraisal-to-sales ratios are the preferred method for measuring performance, however sales are very infrequent and often the sales conditions are not made public for the sales that do occur.

Furthermore, market transactions normally occur for multiple sites and include real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Finally, Pickett's mineral appraisal methods and procedures are subject to review by the Property Tax Assistance Division of the Texas Comptroller's office. The Comptroller's review, as well as comparisons with single-property appraisals, indicates the validity of the models and the calibration techniques employed.

Thomas Y. Pickett & Company, Inc.
 Reappraisal Timeline 2025

Event	2024			2025												2026					
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
New Mineral Lease Discovery																					
Schedule ARB Date, Establish Deadlines for 25.19 Data																					
Mineral Property Appraisals																					
Mineral Appraisals Released to TYP Website																					
Informal Meetings with Owners and Agents																					
Estimates of Certified Value to CAD																					
Delivery of 29.19 Notices																					
Appraisal Review Board Hearings																					
Certified Values to CAD/Data to Software Vendor																					
Address 25.25 Correction Protests/Supplements as Necessary																					
Submit Data for Property Value Study																					
Review Category G Ratios/Informal Hearing if Necessary																					
File Formal PVS Protests as Necessary																					
CAD and Joint TYP/CAD Tasks																					
TYP Mineral Department Tasks																					
Milestones and Deadlines																					

Crane County Appraisal District
Industrial Property
2025-26 Appraisal Procedures and Reappraisal Plan

August 7, 2024

by

Thomas Y. Pickett & Company, Inc.

SUMMARY REVALUATION PROGRAM REPORT

INDUSTRIAL PROPERTY

Overview

Industrial property consists of processing facilities and related personal property. Thomas Y. Pickett & Co., Inc. ("Thomas Y. Pickett" or "Pickett") is contracted to reappraise this type of property annually for the appraisal district. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- A. exposed for sale in the open market with a reasonable time for the seller to find a purchaser.
- B. both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- C. Both the seller and purchaser seek to maximize their gains, and neither is in a position to take advantage of the exigencies of the other.

The effective date of the appraisals is January 1 of the year for which this report is submitted unless the property owner or agent has applied for and been granted September 1 inventory valuation as allowed by Section 23.12(f) of the Texas Property Tax Code.

The appraisal results will be used as the tax base upon which a property tax will be levied. The properties are appraised in fee simple in conformance with the Texas Property Tax Code Sec. 25.06. This is a jurisdictional exception to the Standards Rule 6-5 (c) Comment of the Uniform Standards of Professional Appraisal Practice. A listing of the industrial properties appraised by Pickett for the appraisal district is available at the appraisal district office. Industrial properties are re-appraised annually. Properties are inspected annually where necessary and at least bi-annually.

Documents relevant to an understanding of these appraisals include the confidential rendition, if any, filed with the appraisal district by the owner or agent of the property; other reports described in the Texas Property Tax Code; asset lists and other confidential data supplied by the owner or agent; the General Appraisal Manual adopted by the Texas Comptroller of Public Accounts; Property Assessment Valuation published by the International Association of Assessing Officers and adopted by the Texas Comptroller of Public Accounts; and Engineering Valuation and Depreciation by Marston, Winfrey and Hempstead; and the Texas Property Tax Code.

Pickett's industrial appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. Industrial appraisal staff stays abreast of current trends affecting industrial properties through review of published materials, attendance at conferences, course work and continuing education. All industrial appraisers are registered with the Texas Board of Tax Professional Examiners.

Assumptions and Limiting Conditions

All appraisals are subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Appraisal District.
4. The appraisers do not necessarily inspect every property every year.
5. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
6. All information in the appraisal documents have been obtained by members of Thomas Y. Pickett's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.
8. The appraisers have inspected as far as possible, by observation, the improvements being appraised; however, it is not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made as to these matters unless specifically considered in an individual appraisal.

Discovery Process and Procedures

Data is collected as part of the inspection process and through later submissions by the property owner. Submitted data may be on a rendition form or in other modes that require confidentiality. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports and through analysis of comparable properties, if any. Due to the unique nature of many industrial properties, there is no standard data collection form or manual.

Valuation Approach and Analysis

The three generally accepted approaches used in determining the Market Value of assets are the cost, income, and market approaches. The following is a brief description of the three general approaches to value.

Cost Approach

The cost approach considers the replacement cost of an asset as an indicator of value. The cost approach is based on the assumption that a prudent investor would pay no more for an asset than the amount for which he could replace or recreate the asset. The cost approach is sometimes performed by estimating the replacement cost of an asset functionally similar to the subject. Often, historical cost data can be used to indicate the current cost of reproduction or replacement. Adjustments are made for physical deterioration and the functional and economic obsolescence of the appraised asset.

Income Approach

The income approach measures the present worth of anticipated future net cash flows generated by the subject assets. The net cash flows are forecast for an appropriate period or capitalized in the case of a single period model, and then discounted to present value using an appropriate discount rate.

Market Approach

The market approach is performed by observing the price at assets comparable to the subject asset are bought and sold. Adjustments are made to the data to account for capacity differences and other relevant differences between the subject asset and the comparable assets.

Depending on the facts and circumstances of a particular appraisal, applying the three approaches independently of one another can yield conclusions that are substantially different. As the appraisal is performed, the strengths of the individual approaches are considered and the influence of each approach in the appraisal process is weighed according to its likely accuracy.

Industrial properties are generally appraised using replacement/reproduction cost new less depreciation models. Replacement costs are estimated from published sources, other publicly available information and comparable properties. Reproduction costs are based on actual investment in the subject or comparable properties adjusted for typical changes in cost over time. Depreciation is calculated on the age/life method using typical economic lives and depreciation rates based on published sources, market evidence and the experience of knowledgeable appraisers. Adjustments for functional and economic obsolescence may be made if utilization and income data for the subject property justify such. Income Approach models (direct capitalization and discounted cash flow) are also used when economic and/or subject property income information is available. Capitalization and discount rates are based on published capital costs for the industry of the subject property. A market data model based on typical selling prices per unit of capacity is also used when appropriate market sales information is available.

Because cost information is the most readily available type of data, the cost approach model is almost always considered and used. If sufficient data is available, either or both of the other two models are considered and may be used. The market data and income approach models must be reduced by the value of the land in order to arrive at a value of improvements and personal property.

Model calibration in the cost approach involves the selection of the appropriate service life for each type or class of property. Further calibration can occur through the use of utilization or through-put data provided by the owner or agent. Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. Model calibration in the market data approach involves adjusting sales prices of comparable properties to reflect the individual characteristics of the subject property.

In reconciling multiple model results for a property, the appraiser considers the model results that best address the individual characteristics of the subject property while maintaining equalization among like properties. Final results for each property may be found on the appraisal district's appraisal roll.

Land valuation for industrial properties is the responsibility of appraisal district staff as is the highest and best use analysis of the site. Sites are analyzed for highest and best use as though they were vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance, however sales are very infrequent. Furthermore, market transactions normally occur for multiple sites and include both real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Finally, Pickett's industrial appraisal methods and procedures are subject to review by the Property Tax Assistance Division of the Texas Comptroller's office. The Comptroller's review, as well as comparisons with single-property appraisals, indicates the validity of the models and the calibration techniques employed.

Crane County Appraisal District
Utilities Property
2025-26 Appraisal Procedures and Reappraisal Plan

August 7, 2024

by

Thomas Y. Pickett & Company, Inc.

APPRAISAL PROCEDURES AND REAPPRAISAL PLAN

UTILITY, RAILROAD AND PIPELINE PROPERTIES

Overview

Utility, railroad, and pipeline properties consists of operating property, excluding land, owned by utility, railroad and pipeline companies and related personal property and improvements. Thomas Y. Pickett & Co., Inc. ("Thomas Y. Pickett" or "Pickett") is contracted to reappraise this type of property annually for the appraisal district. The completed appraisals are all retrospective in nature. The purpose of the appraisals is to estimate market value as of January 1 in accordance with the definition of market value established in the Texas Property Tax Code (Sec. 1.04). "Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- A. exposed for sale in the open market with a reasonable time for the seller to find a purchaser.
- B. both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and
- C. Both the seller and purchaser seek to maximize their gains, and neither is in a position to take advantage of the exigencies of the other.

The effective date of the appraisals is January 1 of the year for which this report is submitted.

The appraisal results will be used as the tax base upon which a property tax will be levied. The properties are appraised in fee simple in conformance with the Texas Property Tax Code Sec. 25.06. This is a jurisdictional exception to the Standards Rule 6-5 (c) Comment of the Uniform Standards of Professional Appraisal Practice 2004. A listing of the utility, railroad and pipeline properties appraised by Pickett for the appraisal district is available at the appraisal district office. All properties are reappraised annually. Such utility, railroad and pipeline properties that are susceptible to inspection (e.g. compressor stations, pump stations, buildings and power plants) are normally re-inspected at least every three years.

Pickett's utility, railroad and pipeline appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. The appraisal staff stays abreast of current trends affecting utility, railroad and pipeline properties through review of published materials, attendance at conferences, course work and continuing education. All appraisers are registered with the Texas Board of Tax Professional Examiners.

Assumptions and Limiting Conditions

All appraisals are subject to the following assumptions and limiting conditions:

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All existing liens, mortgages or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. The appraisers developing these appraisals are not required to give testimony or attendance in court by reason of the appraisals, unless directed by, employed by, and provided legal counsel by the Appraisal District.
4. The appraisers do not necessarily inspect every property every year.
5. All sketches on the appraisal documents are intended to be visual aids and should not be construed as surveys or engineering reports unless otherwise specified.
6. All information in the appraisal documents have been obtained by members of Thomas Y. Pickett's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.
8. The appraisers have inspected as far as possible, by observation, the improvements being appraised; however, it is not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made as to these matters unless specifically considered in an individual appraisal.

Discovery Procedures and Data Collection

Data is collected as part of the inspection process and through later submissions by the property owner. Submitted data may be on a rendition form or in other modes that require confidentiality. Subject property data is verified through previously existing records and through published reports. Additional data are obtained and verified through published sources, regulatory reports and through analysis of comparable properties. Due to the varied nature of utility, railroad and pipeline properties there is no standard data collection form or manual.

Valuation Approach and Analysis

The three generally accepted approaches used in determining the Market Value of assets are the cost, income, and market approaches. The following is a brief description of the three general approaches to value.

Cost Approach

The cost approach considers the replacement cost of an asset as an indicator of value. The cost approach is based on the assumption that a prudent investor would pay no more for an asset than the amount for which he could replace or recreate the asset. The cost approach is sometimes performed by estimating the replacement cost of an asset functionally similar to the subject. Often, historical cost data can be used to indicate the current cost of reproduction or replacement. Adjustments are made for physical deterioration and the functional and economic obsolescence of the appraised asset.

Income Approach

The income approach measures the present worth of anticipated future net cash flows generated by the subject assets. The net cash flows are forecast for an appropriate period or capitalized in the case of a single period model, and then discounted to present value using an appropriate discount rate.

Market Approach

The market approach is performed by observing the price at assets comparable to the subject asset are bought and sold. Adjustments are made to the data to account for capacity differences and other relevant differences between the subject asset and the comparable assets.

Depending on the facts and circumstances of a particular appraisal, applying the three approaches independently of one another can yield conclusions that are substantially different. As the appraisal is performed, the strengths of the individual approaches are considered and the influence of each approach in the appraisal process is weighed according to its likely accuracy.

For all pipelines a value is calculated using a Replacement Cost New Less Depreciation (RCNLD) model. This involves first calculating the cost of building a new pipeline of equal utility using current prices. The Replacement Cost New (RCN) is a function of location, length, diameter and composition. Depreciation is then subtracted from RCN to produce the final value estimate. Depreciation is defined as the loss of value resulting from any cause. The three common forms of depreciation are physical, functional and economic. Physical depreciation is accounted for on the basis of the age of the subject pipeline. Functional and economic obsolescence (depreciation) can be estimated through the use of survivor curves or other normative techniques. Specific calculations to estimate abnormal functional and/or economic obsolescence can be made on the basis of the typical utilization of the subject pipeline.

After deductions from RCN have been made for all three forms of depreciation, the remainder is the RCNLD or cost approach model indicator of value.

In addition to the RCNLD indicator, a unit value model may also be used for those pipelines for which appropriate income statements and balance sheets are also available. Generally, this model is used for those pipelines that by regulation are considered to be common carriers. The unit value model must be calculated for the entire pipeline system.

The unit value model typically involves an income approach to value and a rate base cost approach. The income approach is based on a projection of expected future typical net operating income (NOI). The projected NOI is discounted to a present worth using a current cost of capital that is both typical of the industry and reflective of the risks inherent in the subject property. The unit value model cost approach is typically an estimation of the current rate base of the subject pipeline (total investment less book depreciation allowed under the current form of regulation). An additional calculation is made to detect and estimate economic obsolescence. Any economic obsolescence is deducted from the rate base cost less book depreciation to achieve a final cost indicator. The unit value model may also include a stock and debt approach in lieu of a market data approach. The stock and debt approach involves finding the total value of the owner's liabilities (equity and debt) and assuming that they are equal to the value of the assets. The two (or three, if the stock and debt approach is included) unit value indicators are then reconciled into a final unit appraisal model indicator of value. The unit value must then be reconciled with the RCNLD model indicator of value for the entire pipeline system being appraised. The final correlated value of the system can then be allocated among the various components of the system to determine the tax roll value for each pipeline segment.

Utility and railroad properties are appraised in a manner similar to pipeline except the RCNLD model is not used. For all three types of property (utility, railroad and pipeline) the appraiser must first form an opinion of highest and best use. If the highest and best use of the operating property is the current use under current regulation, the unit value model is considered highly appropriate. If the highest and best use is something different, then the RCNLD model may be more appropriate.

Compressor stations, pump stations, improvements and related facilities are appraised using a replacement cost new less depreciation model.

Model calibration in the RCNLD model involves the selection of the appropriate service life for each type or class of property. Further calibration can occur through the use of utilization or through-put data provided by the owner or agent. Model calibration in the unit value cost approach involves the selection of the appropriate items to include in the rate base calculation and selection of the best measure of obsolescence, if any. Income approach calibration involves the selection of the cost of capital or discount rate appropriate to the type of property being appraised as well as adjusting the projected income stream to reflect the individual characteristics of the subject property. Model calibration in the stock and debt approach involves allocating sales prices of debt and equity to reflect the contribution to value of the operating property of the subject property.

In reconciling multiple model results for a property, the appraiser considers the model results that best address the individual characteristics of the subject property while maintaining equalization among like properties. Final results for each property may be found on the appraisal district's appraisal roll.

Land valuation for utility and pipeline properties is the responsibility of appraisal district staff as is the highest and best use analysis of the site. Sites are analyzed for highest and best use as though they were vacant. Highest and best use analysis of the improvements is based on the likelihood of the continued use of the improvements in their current and/or intended use. Railroad corridor land is included in the appraisal of the operating property. The highest and best use of railroad corridor land is presumed to be as operating property. An appraiser's identification of a property's highest and best use is always a statement of opinion, never a statement of fact.

The rate-base cost approach, stock and debt approach and income approach models must be reduced by the value of the land in order to arrive at a value of improvements, personal property and other operating property.

Review and Testing

Field review of appraisals is performed through the regular inspection of subject properties. The periodic reassignment of properties among appraisers or the review of appraisals by an experienced appraiser also contributes to the review process. A statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance, however sales are very infrequent. Furthermore, market transactions normally occur for multiple sites and include both real and personal property, tangible and intangible, making analysis difficult and subjective. Performance is also measured through comparison with valid single-property appraisals submitted for staff review. Appraisal results are tested annually by the Property Tax Assistance Division of the Texas Comptroller's office. The Comptroller's review, as well as comparisons with single-property appraisals, indicates the validity of the models and the calibration techniques employed.

Appendix A

Resumes

Thomas. Y. Pickett & Company, Inc.

LEONARD B. AMENT

Industrial Appraiser

EXPERIENCE

Thomas Y. Pickett & Company, Inc. 17 Years

Industrial / Manufacturing 24 Years

QUALIFICATIONS

Mr. Ament has over twenty years' experience in Industrial, Commercial and Oilfield Service and Manufacturing Industries. During this timeframe he has worked with a variety of equipment and processes from the manufacturing of drilling rig components, chemical mixing and packaging, high-speed electronics assembly, to managing a portable air conditioning rental and sales company. Mr. Ament brings valued experience in a variety of industries. He joined Thomas Y Pickett in 2007 as an Industrial Appraiser. He inspects and appraises SWD (taxable) and other facilities in North Dakota.

EDUCATION

Mechanical Drawing, Electrical Appliance Repair, DECA

Brookhaven Community College

Comprehensive User Course on Phillips Gem Series Surface Mount Machines

Registered Professional Appraiser – State of Texas # 72436

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

JOSH BUDOWSKY
Manager of the Industrial/Utilities - Appraiser

EXPERIENCE

Thomas. Y. Pickett & Company, Inc. (Dallas) Property Tax Appraiser	8 Years
Baker Hughes Inc. Sales Manager	9 Years
Aviall Service Inc. Account Executive	2 Years
Bud Oil Company Production Technician	5 Years
Oklahoma State University Bachelor of Business Administration Marketing Management of Information Systems	4 Years

QUALIFICATIONS

Performs industrial evaluations on complex manufacturing sites as well as energy production, energy transmission, and pipeline systems in various states. He is also responsible for evaluation of clean renewable energy production systems, such as solar power and wind power. He is experienced in the oil and gas industry after spending nine years at a service company, giving him exposure to all high-profile production fields across the United States. This experience included enhancements to the drilling and completions of complex and challenging oil and gas wells. He was solely responsible for the increase of revenue and profits while directing the sales and operations in the Southern region for Baker Hughes.

EDUCATION/LICENSES

B.A. in Business Marketing – Oklahoma State University
B.A. in MIS – Oklahoma State University
Property Tax Appraiser - State of Texas - License #75123

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

MICHAEL B. PARKS

Vice President - Director
Mineral Appraiser

EXPERIENCE

Thomas Y. Pickett & Company, Inc.	16 Years
JPMorgan Chase Bank	2 Years
Greene & Associates, Inc.	6 Years

QUALIFICATIONS

Mr. Parks performs appraisals of mineral properties in Texas. He currently works in five counties in Texas alone and assists with multiple other counties. He handles all aspects of the appraisal process including new well discovery, appraisal of all leases, working with operators to obtain accurate data to assist the appraisal process, handling protests, defending values at the appraisal review board hearings and certifying the values. He has extensive experience managing private mineral interests. Mr. Parks is active in the operations of Thomas Y. Pickett and is Manager of the Dallas office.

EDUCATION/LICENSE

Bachelor of Science - University of North Texas – Denton, TX
Registered Professional Appraiser – State of Texas #72761
Certified Mineral Manager

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional
National Association of Royalty Owners
National Association of Lease and Title Analysts
American Association of Professional Landmen

Julia A. (Julie) Forté
Appraiser

EXPERIENCE

Thomas Y. Pickett & Company, Inc.
Overbeck Properties

30 Years
10 Years

QUALIFICATIONS

Ms. Forté has over thirty years' experience in appraisal of producing oil and gas properties and maintaining division order ownership. Ms. Forté also has experience as a property tax representative and brings a perspective from both sides of the appraisal process. She joined Thomas Y. Pickett in 1980 as a secretary to Mr. Bill Goad, then a Vice-President of the firm and mineral appraiser. She became an RPA in 1990. Ms. Forté left Thomas Y. Pickett in 2008 but returned in 2019.

EDUCATION

San Antonio College
Class III Appraiser– State of Texas # 64377

PROFESSIONAL ASSOCIATION

Texas Department of Licensing & Regulation-Property Tax Professional

ROBERT T. (BOB) LEHN
Vice President

Experience

Thomas Y. Pickett & Company, Inc. (Dallas)	33 Years
Purvin & Gertz, Inc. (Dallas & London) Associate	1 Year
Hadson Gas Systems, Inc. (Houston, Dallas & London) Manager – Projects & Facilities (Dallas) Director – Gas Supply & Transportation (London)	4 Years
Muse, Stancil & Company (Dallas) Consultant	2 Years
Amoco Production Company (USA) (Chicago, Corpus Christi, Houston) Staff Plant Engineer	8 Years

Qualifications

Mr. Lehn performs industrial valuations of railroads, pipeline, gas gathering and processing facilities and of many other complex manufacturing sites in various states. He is experienced in domestic and international energy project management. This experience included performing economic evaluations with consideration of environmental and regulatory issues. Reports to senior management of operating companies and to governmental agencies were made. Prior to T.Y. Pickett, as a consultant, he performed fair market valuations and physical asset appraisals of large gas plants and pipelines as well as other facilities. Mr. Lehn continues appraising these facilities, along with others, including paint pigment, explosives and agrichemical (fertilizer, pesticides, ethanol) and petrochemical plants. Mr. Lehn's previous and current refinery appraisal assignments include sites in the following states: Kansas, Mississippi, North Dakota, Oklahoma, Texas and Wyoming. Expert testimony has been provided on several refineries and on other special purpose properties to Boards of Equalization, to Appraisal Review Boards, or to Courts and to State Tax Commissions in Texas, Oklahoma, North Dakota, Kansas, Louisiana, Wyoming, Mississippi and in Florida. He has spoken at the Annual IAAO Conferences, at the IAAO Legal Seminars and at regional and at various State and County Assessors' functions and at other venues.

Education/Licenses

Master of Chemical Engineering – Rice University – Houston, Texas
B.A. in Chemical Engineering – Rice University – Houston, Texas
Professional Engineer – State of Texas – License #73203
Registered Professional Appraiser – State of Texas – License #67474

Professional Associations

American Institute of Chemical Engineers
American Chemical Society
Texas Association of Appraisal Districts
Texas Association of Assessing Officers
International Association of Assessing Officers (IAAO)
-- Associate Member, Ethics Committee (2010-2012)

Appendix B

Industrial Utility Accounts

Thomas Y. Pickett & Company, Inc.

A R I - AUTOMOTIVE RENTALS
ADP INC
ADVANTAGE PIPELINE
AEP TEXAS INC
AGUA LIBRE ASSET CO
AGUILA CRUDE TRANSPORT
ALL STAR CONSTRUCTION SRV
LLC
AMERIGAS PROPANE LP
APTIM CORP
ARIES WELL SERVICE
ASAP RENTALS LLC
AT&T COMMUNICATIONS
AT&T MOBILITY LLC
ATC PONDEROSA K LLC
ATLAS OPERATING LLC
ATMOS ENERGY/MID-TEX
DIVISION
AVAD OPERATING LLC
AZUL ENERGY SERVICES
BAKER-PETROLITE CORP
BLACK DIAMOND OILFIELD
BLACK GOLD FIELD SERVICES
BLACKBEARD OPERATING
BOAZ ENERGY II LLC
CABALLO LOCO MIDSTREAM
(NELEH)
CAPITAL PREF YIELD FUND IV LP
CAPROCK EXPLORATION INC
CARMAN ENTERPRISES LLC
CATERPILLAR FINANCIAL SRVS
CELLCO PARTNERSHIP
CENTURION PIPELINE LP
CENTURION PIPELINE LP (PIPE)
CENTURYLINK COMMUNICATIONS
LLC
CHAPARRAL PIPELINE CO LLC
CHEVRON TECHNICAL CENTER
CHEVRON USA INC
CHEVRON USA INC (PL)
CITATION OIL & GAS CO (PP)
CITATION OIL & GAS CO (UTIL)
COGENT INFRASTRUCTURE
COMPLETE ENERGY SERVICES
CONTANGO RESOURCES

COOPER OIL & GAS
COVIA HOLDINGS CORPORATION
CRANE 2 BESS LLC
CRANE SOLAR PROJECT
CRESTWOOD PERMIAN BASIN
TRANS
CROSSFIRE LLC
DAMP SANDCO LLC
DCP MIDSTREAM FLD
DCP MIDSTREAM (PIPE)
DCP MIDSTREAM LP
DEEP BLUE HOLDINGS
DELAWARE-PERMIAN PIPELINE
LLC
DIRECTV LLC
DIRT ROAD OUTLAWS INC
DISH NETWORK LLC
DL PETERSON TRUST
DORADO OIL COMPANY (PP)
EFH CORPORATE SERVICES
COMPANY
EL PASO NATURAL GAS CO
EL PASO NATURAL GAS CO (PL)
EL PASO NATURAL GAS(AAPL)
ELEMENT FLEET CORP
EMERALD GROVE SOLAR LLC
ENDEAVOR ENERGY RESOURCES
LP
ENERGY EQUITY INC
ENERGY TRANSFER FUEL LP
ENERGY TRANSFER FUEL LP
(PIPE)
ENERGY TRANSFER GC NGL P/L
LP
ENTERPRISE FM TRUST
ENTERPRISE INTERSTATE CRUDE
(PL)
ENTERPRISE INTERSTATE CRUDE
(PP)
ENTERPRISE TEXAS PIPELINE LP
ENTERPRISE TEXAS PIPELINE LP
(PL)
EPIC CONSOLIDATED
OPERATIONS LLC
EPIC CRUDE PL LP
EPIC CRUDE TERMINAL CO LP
EPIC Y-GRADE PL LP

ETC TEXAS PIPELINE
EVROCK LLC
EXXON MOBILE E&P SOUTH INC
F HINOJOS TRUCKING
FASKEN OIL & RANCH LTD (PP)
FIBERLIGHT LLC
FIRST AMERICAN COMMBANCORP
FIRST CITIZENS BANK & TRUST
CO
FLUIDO ENERGY SVS
FORMENTERA OPERATING LLC
FW LEASING ONE
GARCIAS TRUCKING & RENTAL
LLC
GELCO FLEET TRUST
GENEVA CAPITAL LLC
GIBSON ENERGY
GOMEZ JOSE FERNANDO
GPM EMPIRE LLC
GRAND PRIX PIPELINE LLC
GRAY OAK PIPELINE LLC
GRAY OAK PIPELINE LLC (PL)
GTT AMERICAS LLC
GULF COAST EXPRESS P/L
HB RENTALS
HILL COUNTRY TELEPHONE COOP
INFLOW OPERATING
INFRASTRUCTURE NETWORKS
INC
IRION MOUNTAIN TRAPROCK
IRON MOUNTAIN TRAP ROCK
J & A PLATINUM TRUCKING
J & S DRYWALL SOLUTIONS
JAARS TRUCKING CORP
JUPITER POWER LLC
KEY ENERGY SERVICES INC (RIG)
KINDER MORGAN C02-CBPL
KINDER MORGAN CO2-CBPL (PL)
KINDER MORGAN-WINK PIPELINE
KINDER MORGAN-WINK PIPELINE
(PL)
KVL OPERATING LLC
L3 HARRIS TECHNOLOGIES
LA PAZ TRUCKING LLC
LA PLAYA TRUCKING LLC

LARIO OIL & GAS CO
LCRA TRANSMISSION SVCS CORP
LEASING ASSOCIATES OF
BARRINGTON
LINDE GAS & EQUIPMENT INC
LIQUIDPOWER SPECIALITY PROD
LONESTAR WELL SERVICE
LPUSA LLC
M E VALDEZ TRUCKING
MAGELLAN CRUDE OIL P/L CO LP
MAGELLAN CRUDE OIL P/L CO LP
(PIPE)
MAGELLAN MIDSTREAM
PARTNERS
MAGELLAN PIPELINE CO LP (PIPE)
MAIN PRODUCTION INC (PP)
MANUFACTURER SVC GROUP
MARTINEZ WELDING
MASSIVE TRUCKING SERVICES
LLC
MASTER BUILDERS SOULTIONS
ADMIXTURE
MATTERHORN EXPRESS PIPELINE
LLC
MCCARTY JOHN R TRUST
MCI COMMUNICATION SERVICES
INC
MCIMETRO ACCESS TRANS SERV
COR
MCLEOD USA
TELECOMMUNICATIONS
MCNEESE TRUCKING
MEDALLION DELAWARE EXPRESS
LLC
MEDALLION DELAWARE EXPRESS
LLC (PL)
MEDALLION PIPELINE CO LLC
MEDALLION PIPELINE CO LLC (PL)
MILLWEE OIL INC
MOBILE MINI & PUMP SOLUTIONS
NATIONAL FOUNDRY & MFG CO
NAVAJO REFINING COMPANY
NILE MIDSTREAM
NPRTO TEXAS LLC
NUCO2 SUPPLY LLC
OASIS TRANSPORTATION & PROD
OCCIDENTAL PERMIAN LTD

OLSEN ENERGY INC
ONCOR ELECTRIC DELIVERY CO
ONEOK WESTEX TRANSMISSION
(PIPE)
ORYX DELAWARE OIL
TRANSPORT
ORYX DELAWARE OIL
TRANSPORT (PL)
ORYX SOUTHERN DELAWARE
ORYX SOUTHERN DELAWARE (PL)
OXY USA INC
OXY USA INC (PLTS)
P & A OPERATING
PASON SYSTEMS USA CORP
PERMIAN BASIN MATERIALS LLC
PERMIAN BASIN WATER
PERMIAN HIGHWAY PIPELINE
PIKES PEAK ENERGY SERVICES
LLC
PINNACLE PROPANE EXPRESS
PLAINS ORYX PB JV (FLD)
PLAINS ORYX PB JV (MCC)
PLAINS ORYX PB JV (WINK-MC)
PLAINS ORYX PB JV (PINON)
PLAINS ORYX PB JV (WTG)
PLAINS ORYX PB JV(HNDSN FLD
PLAINS ORYX PB MARKETING
(FLD)
PRIDE TRANSPORT SERVICE
PRIMORIS T&D SERVICES
PRINCIPLE MERCHANTS LEASING
LTD
PRIORITY POWER MANAGEMENT
QUAD-C
R A W OILFIELD SERVICES LLC
R2 OILFIELD SERVICES
RAIDER ENERGY SERVICES
RAMTEX ENERGY
RES AMERICA CONSTRUCTION
INC
RIDD TRUCKING
RING ENERGY INC
RK PUMP AND SUPPLY
ROADSIDE SWD LLC
ROBERTSON RESOURCES INC
PP

ROCHA JUAN
SAFETY-KLEEN SYSTEMS INC
SATELLITE SHELTERS INC
SAVANNA DRILLING LLC
SBA INFRASTRUCTURE LLC
SBA TOWERS II LLC
SBI WEST TEXAS LLC
SCORPION BACKHOE SVS
SELECT WATER SOLUTIONS LLC
SHINNERY OIL COMPANY INC
SITEPRO RENTALS INC
SOUTHWESTERN BELL
TELEPHONE CO
SPECTRASITE COMMUNICATIONS
INC
STELLAR OILFIELD RENTALS LLC
STRIKE LLC
SUDDENLINK COMMUNICATIONS
SUNNOVA TEP 7-F LLC
SUNNOVA TEP V-C LLC
SUNOCO PTNRS MKTG & TERMS
LP
T-MOBILE WEST LLC
T-P RENTALS LLC
TARGA DELAWARE LLC
TARGA DELAWARE LLC (PL)
TARGA DOWNSTREAM LLC
TARGA GAS PIPELINE LLC
TARGA MIDSTREAM LLC FLD
TARGA MIDSTREAM SERVICES
LLC
TARGA MIDSTREAM SERVICES
LLC (PLANTS)
TARGA MIDSTREAM SERVICES
L(P/L)
TARIN OIL FIELD SERVICES
TEXAS GAS SERVICE/DIV OF
ONEOK
TEXAS GAS SERVICE/DIV OF
ONEOK (BPP)
THINK TANK PRODUCTS USA INC
TILLMAN INFRASTRUCTURE LLC
TREY TRUCKS LTD
TROY CONSTRUCTION LLC
TROY VINES INC
TZRC KING MOUNTAIN LLC

UKG INC
UNION PACIFIC RAILROAD CO
US SILICA COMPANY
VALOR TELECOM OF TEXAS LP
VERIZON CONNECT FLEET USA
LLC
VM PRODUCTION LLC
WATERFLEET LLC
WEST TEXAS LPG PIPELINE (PIPE)
WESTERN OILFIELD SUPPLY
WHEELS LT
WHISTLER PIPELINE LLC
WILLIAMS SCOTSMAN INC
WORKOVER SOLUTIONS
WTG GAS TRANSMISSION CO
XEROX CORP
XTO ENERGY (PP)
XTO ENERGY (PL)
XTO ENERGY (PLANT)
YOUNGS WELDING & MACHINE
SERV