DIMMIT CENTRAL APPRAISAL DISTRICT

REAPPRAISAL PLAN
2025/2026

BOARD OF DIRECTORS:

Anita Franco - Chairman
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Albert Sosa-Board Member
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Adopted Plan by Resolution No. 2024-05
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This Reappraisal Plan is being submitted as a tool to organize the reappraisal for Dimmit Central Appraisal District. This plan attempts to outline the necessary work required to complete a reappraisal over the next two years. As we progress into the actual reappraisal process, we reserve the right to modify the plan as required to meet the requirements for this office as set forth in the Texas Property Tax Code.

EXECUTIVE SUMMARY

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 sixty (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.

SCOPE OF RESPONSIBILITY

The Dimmit Central Appraisal District has prepared and published this reappraisal plan and appraisal report to provide the Board of Directors, taxing entities, and taxpayers with a better understanding of the district's responsibilities and activities.

The Dimmit Central Appraisal District is a political subdivision of the State of Texas created effective January 1, 1980. The provisions of the Texas Property Tax Code govern the legal, statutory, and administrative requirements of the appraisal district. The Board of Directors, elected by the taxing units within the boundaries of Dimmit County, constitutes the district's governing body. The chief appraiser, appointed by the Board of Directors, is the chief administrator and chief executive officer of the appraisal district.

The appraisal district is responsible for local property tax appraisal and administration for all taxing entities in the county. The taxing entities are as follows:

Carrizo Springs CISD

City of Carrizo Springs

City of Asherton

City of Big Wells

Dimmit County

Wintergarden Conservation Groundwater District

Dimmit Regional Hospital District

As of July 2024, values for the 2024 year were certified to the entities. The district is responsible for appraising an estimated 60,750 parcels consisting of real accounts, mobile home accounts, business personal property accounts, Mineral and Industrial accounts.

Each taxing unit sets its own tax rate to generate revenue to pay for such things as police and fire protection, public schools, road and street maintenance, courts, water and sewer systems, and other public services. Property appraisals and estimated values by the appraisal district allocate the year's tax burden on the basis of each taxable property's market value. The appraisal district also determines eligibility for various types of property tax exemptions such as those for homeowners, the elderly, disabled veterans, charitable or religious organizations and agricultural productivity valuation.

Except as otherwise provided by the Property Tax Code, all taxable property is appraised at its "market value" as of January 1 of the tax year. Under the tax code, "market value" is defined as the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

- exposed for sale in the open market with a reasonable time for the seller to find a purchaser;
- both the seller and the buyer 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;
- both the seller and buyer seek to maximize their gains and neither is in a position to take advantage of the other.

The Texas Property Tax Code defines special appraisal provisions for the valuation of residential homestead property (Sec. 23.23), productivity (Sec. 23.41), real property inventory (Sec. 23.12), dealer inventory (Sec. 23.121, 23.124, 23.1241, nominal (sec. 23.18) or restricted use properties (Sec. 23.83) and allocation of interstate property (Sec. 23.03). The owner of real property inventory may elect to have the inventory appraised at its market value as of September 1st of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1st.

The Texas Property Tax Code, under Section 25.18, requires each appraisal office to implement a plan to update appraised values for real property at least once every three years. The district's policy is to conduct a general reappraisal of taxable property every year. Appraised values are reviewed annually and are subject to change. All properties are appraised every year. Tax year 2025 and tax year 2026 are reappraisal years.

The appraised value of real estate is calculated using specific information about each property. Using computer-assisted mass appraisal programs and recognized appraisal methods and techniques, the appraisal district compares that information with the data for similar properties and with recent cost and market data. The district follows the standards of the International Association of Assessing Officers (IAAO) regarding its appraisal practices and procedures and subscribes to the standards promulgated by the Appraisal Foundation, known as the Uniform Standards of Professional Appraisal Practice (USPAP) to the extent they are applicable.

PERSONNEL RESOURCES

The office of the Chief Appraiser is primarily responsible for overall planning, organizing, staffing, coordinating, and controlling of the appraisal district operations.

The district's appraisers are subject to the provisions of the Property Taxation Professional Certification Act and must be duly registered with the Texas Department of Licensing and Regulations.

The appraisal district staff consists of 8 (eight) employees with the following classifications:

- Norma Carrillo, RPA - Chief Appraiser
- Felicia Asbury, RPA – Supervising Appraiser
- Enrique "Ricky" Mata, RPA - AG/Wildlife and Real Property Appraiser
- Laura Perez, RPA - Commercial and Business Personal Property Appraiser, Mobile Homes
- Elisa C Salinas – Real Property Appraiser, Exemptions
- Rosalinda Martinez - Administrative Assistant, Payroll/Bookkeeper
- Amy Vargas – Data Entry Clerk
- Monica Orozco –Receptionist/ Front Office Clerk

All personnel that are performing appraisal work are registered with the Texas Department of Licensing and Regulation and are required to take appraisal courses to achieve the status of Registered Professional Appraiser within five years of employment as an appraiser. After they are awarded their license, they must receive additional training as required to maintain certification. Failure to meet these minimum standards results in termination of employment.

Additionally, the chief appraiser ensures that personnel receive on-the-job training to ensure quality and uniformity of appraisals of all types of property and monitors appraisal activity to ensure that standardized appraisal procedures are being followed by all personnel.

REVALUATION DECISION (REAPPRAISAL CYCLE):

The Dimmit CAD, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises 33% of property in the district every year. The reappraisal may consist of field inspections, CAMA, or both. The reappraisal year is a 33% appraisal of all properties in the district. Tax year 2025 is a reappraisal year and tax

year 2026 is a reappraisal year. Each year, Notices of Appraised Value are mailed to all property owners in the District if:

1. The assessed value increased greater than $1000
2. Properties with Rendered Value
3. If the property owner or the agent of a property owner authorized under Section 1.111 makes a written request for the notice
4. Exemption(s) changed or modified
5. Newly created properties
6. All personal property
7. If the ownership of the property changed during the preceding year

Additionally, every tax year the District inspects and appraises new construction and adds those properties to the appraisal roll. The district also inspects and reappraises properties that have been remodeled or demolished, properties with additions, properties with fire damage, or properties with any change or damage. These changes are found through building permits issued by the City of Carrizo Springs. However, since building permits are not required for properties outside the city limits, District staff maintains a file with flagged properties that pertain to changes in property and all District staff remains alert to visual changes in properties. Throughout the year, notes are made on those visual changes and all information is provided to the field appraiser. The field appraiser will also conduct detailed field inspections of properties if requested by the owner and reappraise these properties as necessary.

Dimmit CAD, assisted by Eagle Property Tax Appraisal and Consulting Services Inc., the appraisal company contracted by the district, compiles all valid sales by school district. Dimmit CAD has only one school district and has insufficient sales to further identify smaller market areas. Problematic areas are further researched and may indicate the use of market modifiers. The use of these modifiers is the predominant method of adjusting sales for location and time. Values throughout the county may be adjusted by use of market modifiers during the reappraisal year.

PERFORMANCE ANALYSIS:

Performance Analysis – the equalized values from the previous tax year are analyzed with ratio studies 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 mean 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. In 2026, 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 excluded from reappraisal due to lack of data to support reappraisal will be tested and analyzed to arrive at an indication of uniformity or equity of existing appraisals.

Sales ratio studies are used to evaluate the District's mass appraisal performance. These studies not only provide a measure of performance, but also are an excellent means of improving mass appraisal performance. The District uses ratio studies not only to aid in the reappraisal of properties, but also to test the State Comptroller's Property Tax Division Annual Property Value Study results.

Dimmit CAD and Eagle Appraisal and Consulting Services, Inc. usually begins ratio studies in late January or early February, with all sales reports being compiled by school district. Within the boundaries of the district, the ratios are analyzed to identify comparable neighborhoods. Outliers and questions that were not identified in

the field are reviewed and analyzed. Field cards indicating the results of field inspections of the sold properties are available for each individual sale to further aid in making decisions regarding outliers.

Outliers are characterized as having low or high ratios. They can result from an erroneous or unrepresentative sale price, an error in the appraisal, or a mismatch between the property sold and the property appraised.

The median ratio indicated by the sales with the school district is then compared to the desired ratio. The coefficient of dispersion is also studied to indicate how tight the ratios are in relation to the measures of central tendency. The median and coefficient of dispersion are good indicators of the types of changes to be made if any are necessary. The use of market modifiers is the predominant method of adjusting sales for location and time to indicate market values. Market modifiers are methods of adjusting property to equal the market without changing the schedules.

Independent Performance Test

In Accordance with the Texas Property Tax Code (TPTC), Chapter 5, and/or the Government Code, Title 4, Subtitle A, Chapter 403, Subchapter M, Section 403.302, the Comptroller of Public Accounts is responsible for conducting a biennial Property Value Study (PVS) for each school district and a biennial review named Methods and Assistance Program (MAP) for each Appraisal District in Texas. Both the PVS and the MAP review are performed by the Property Tax Assistance Division (PTAD) of the Comptroller's office at least once every two years and are on staggered years.

Property Value Study

The primary purpose of the PVS is to ensure equitable distribution of state funding for public education. In conducting the study, the PTAD is required to;
-Utilize comparable sales
-Incorporate recognized auditing and sampling techniques
-Test the validity of school district's taxable values within each appraisal district
-Determine the level and uniformity of property tax appraisal in each appraisal district and
-Make determination to accept the appraisal roll values as correct and valid.

The methodology used in the PVS includes stratified samples to improve sample representativeness and techniques or procedures of measuring uniformity. This study utilizes statistical analyses of sold properties and appraisals of unsold properties as a basis for reporting assessment ratios. For Appraisal Districts, the reported measures include median level of appraisal, COD, the percentage of properties within 10% of the median, the percentage of properties within 25% of the median, and PRD for properties overall and by state category. The final results of this study are certified to the Education Commissioner of the Texas Education Agency (TEA) in July of each year. The state's PVS provides additional assistance to the CAD in determining areas of market activity or changing market conditions. The PVS preliminary results of biennial study are released on or before February 1st, in the year following the appraisal year under review.

The PTAD office released the 2023 Preliminary Property Value Study (PVS) results for all Texas Counties and School Districts. The report identifies the degree of uniformity and the median level of appraisal performed by the Uvalde County Appraisal District (District) as required by TPTC, Section 5.10. The District achieved market value per the PVS studies for appraisal years 2022 and 2023 within the Carrizo Springs CISD and were declared "value valid" and in compliance; The District's goal is to achieve market value annually so that school districts are ensured maximum state funding in their related finance formula. PVS final results are expected to be released in July 2023 and can be found at:
http://comptroller.texas.gov/taxinfo/proptax/pvs.html

Methods and Assistance Program

Appraisal Districts, since 2010, are subject to a bi-annual Methods and Assistance Program (MAP) performance review completed by the Property Tax Assistance Division under Section 5.102. The scope of the MAP review includes governance, taxpayer assistance, operating standards, and appraisal standards, procedures and methodology. The comptroller by rule may establish procedures and standards for conducting and scoring the review. Upon conclusion of the review, the comptroller is required to deliver a written report summarizing the CAD's performance to the Chief Appraiser, CAD board of directors, and Board of Trustees and superintendent of school districts served by the CAD. The District received favorable rating in all aspect of the MAP review for appraisal year 2022. The next review is scheduled for 2024. The results of the MAP's reviews can be found at:
http://comptroller.texas.gov/taxinfo/proptax/map/index.html

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 Dimmit Central Appraisal District and attached to the written biennial plan by reference. This reappraisal plan is adjusted 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.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current. In the reappraisal year, real property appraisal depreciation tables are tested against verified sales data to ensure they represent current market data. Personal property density schedules are tested and analyzed based on renditions and prior year documentation. Due to lack of sales of personal property in the district, the Comptroller's Guide is utilized to appraise personal property and for testing and analysis purposes.

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

The Texas Legislature amended the appraisal review board appeal process by allowing arbitration in addition to filing suit in District Court with certain limitations. It is anticipated that the number of arbitration requests will increase as the public becomes more informed of this option. Time and effort expended on arbitration cases is a good indicator that additional recourses as well as an increase in staffing may become necessary as the arbitration process evolves.

All appraisal companies may face arbitration or lawsuits in any appraisal year.

Existing appraisal practices, which are continued from year to year, are identified and methods utilized to keep these practices current are specified. Current cost schedules for residential and commercial real properties are derived and updated from Marshall and Swift Valuation Service. Marshall and Swift Valuation Service is a national based cost manual and is generally accepted throughout the nation by the real estate appraisal industry. In a reappraisal year, real property appraisal depreciation tables and cost new tables are tested against verified sales data to ensure they represent current market data. Personal property density schedules are tested and analyzed based on rendition and prior year protest hearing documentation.

Changes in legislation involving appraisal districts may occur in 2025 when the legislature is called into session. These new laws may require adjustments to the budget, staffing, and programming.

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.

Dimmit CAD will begin the field inspections in September of 2024 and will complete all inspections and schedules by March 30, 2025 for the 2025 tax year.

Dimmit CAD will begin the field inspections in September of 2025 and will complete all inspections and schedules by March 30, 2026 for the 2026 tax year.

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. Dimmit Central Appraisal District is contracted with the firm of Harris Govern for these services.

Appraisal information for each area of work, maps for each area of work, and appraisal information showing sketches and pictures of the properties included in the area of work will be provided by the District to the field appraisers through the mobile field application, Pivot Point, on Ipads.

The District anticipates devoting some programming time to allow for the development of new reports to help manage and edit the information provided by the field appraisers.

Real Property Valuation:

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

Cost schedules are tested with market data (sales) to ensure that the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Replacement cost new 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.

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:

Density schedules are tested using data received during the previous tax year from renditions and hearing documentation. Valuation procedures are reviewed, modified as needed, and tested. The latest edition of the Comptroller's Guide is utilized heavily 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.
District staff conducts the initial informal hearing with a protesting property owner. If the protest cannot be settled within the guidelines set out for District staff, an informal hearing appointment is set for a meeting between the protesting property owner and staff members of Dimmit CAD and/or Eagle Appraisal and Consulting Services, Inc. If valuation issues are not agreed upon at this level, the protesting property owner may elect to proceed to a formal hearing.

Evidence in compliance with HB 201 may be requested by the property owner or the property owner's agent and will be made available at least 14 days prior to the scheduled protest hearing.

DATA COLLECTION REQUIREMENTS:

Dimmit Central Appraisal District cost and value schedules include land, residential improved, commercial improved, and personal property. Data sources currently used by the district include cost information from Marshall and Swift Valuation Service, cost data obtained from local contractors, and renditions provided by the property owners. Marshall and Swift Valuation Service is a national based cost manual and is generally accepted throughout the nation by the real estate appraisal industry. This cost manual is based on cost per unit or square foot and uses the unit in place method. The unit in place method involves the estimated cost by using actual building components. This national based cost information service provides the base price of buildings by classification with modifications for equipment and additional items. The district's schedule is then modified for time and location.

Field and office procedures are reviewed and revised as required for data collection. Activities 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 field or office verification of sales data and property characteristics. On properties that have transferred ownership, the district will verify the sales price and individual property characteristics as of the date of the sale through field inspection and office research.

Renditions are confidential sources and cannot be used for specific information. However, data from renditions may be compared with data obtained from cost manuals and used to test schedules for accuracy.

Data on individual properties is also collected from the field, compiled, and analyzed. Buildings and other improvements are inspected in the field, measured, and classified. The appraiser estimates the age and condition of the improvements. This data is used to compile depreciation tables. Any notes pertaining to the improvements are made during inspection.

Land Analysis:

Residential land valuation analysis is conducted prior to neighborhood sales analysis. The value of the land component to the property is estimated based on available market sales for comparable and competing land under similar usage. A comparison and analysis of comparable land sales is conducted based on a comparison of land characteristics found to influence the market price in the neighborhood. Computerized land tables store the information required to consistently value individual parcels within neighborhoods given known land characteristics. Specific land influences are considered, where necessary, and depending on neighborhood and individual lot or tract characteristics, to adjust parcels outside the neighborhood norm for such factors as access, view, shape, size, and topography. The appraisers use abstraction and allocation methods to ensure that estimated land values best reflect the contributory market value of the land to the overall property value.

Area Analysis:

Data on regional economic forces such as demographic patterns, regional locational 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 are collected from private vendors and public sources and provide the field appraiser a current economic outlook on the real estate market. Information is gleaned from real estate publications and sources such as continuing education in the form of IAAO classes and other approved classes.

Neighborhood and Market Analysis:

Neighborhood 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 neighborhoods. Insufficient sales within Dimmit CAD prohibit the analysis to identify various market areas within the district. Residential valuation and neighborhood analysis is conducted on various market areas within the district. Analysis of comparable market sales forms the basis of estimating market activity and the level of supply and demand affecting market prices for any given market area.

Highest and Best Use Analysis:

The highest and best use of property is the reasonable and probable use that supports the highest present value as of the date of the appraisal. The highest and best use must be physically possible, legal, financially feasible, and productive to its maximum. The highest and best use of residential property is normally its current use. This is due, in part, to the fact that residential development, in many areas, through use of deed restrictions and zoning, precludes other land uses. Residential valuation undertakes reassessment of highest and best use in transition areas and areas of mixed residential and commercial use. In transition areas with ongoing gentrification, the appraiser reviews the existing residential property use and makes a determination regarding highest and best use. Once the conclusion is made that the highest and best use remains residential, further highest and best use analysis is done to decide the type of residential use on a neighborhood basis. In areas of mixed residential and commercial use, the appraiser reviews properties in these areas on a periodic basis to determine if changes in the real estate market require reassessment of the highest and best use of a select population of properties.

New Construction/Demolition:

The appraisers performing reappraisals in the field have property files/field cards that contain specific information regarding the property being appraised. These property files/cards contain brief legal descriptions, ownership interests, property use codes, property addresses, land size, and sketches of improvements as well as detailed information of any improvements.

Appraisal field inspections require the appraisers to check all information on the property files/field cards and to update the information when necessary.

New construction field and office review procedures are identified and revised as required. Sources of building permits are confirmed. The City of Carrizo Springs provides a listing of permits issued during the previous year. The City of Asherton and the City of Big Wells do not issue permits. This requires drive-by appraisals to check for any new construction or demolitions in these areas. Additionally, the local newspaper's articles are kept throughout the year for reference purposes.

Local contractors and builders are another source of cost data utilized by the district. Local contractors provide cost data on new structures that is compared to cost information obtained from Marshall Swift Valuation.

Remodeling:

Properties with extensive improvement remodeling are identified and field inspections are scheduled to update property characteristic data. Permits issued by the city and visual sightings by District staff are key components in this area. Copies of permits are provided by the district to the field appraiser. Notes made throughout the year as remodeling projects are observed are provided by the district to the field appraiser.

Re-inspection of Problematic Market Areas:

Real property markets in the school district by property classification, are tested for low or high ratio sales and/or high coefficients of dispersion. Market areas that fail any or all of these tests 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, and verifying the accuracy of the existing data. The field appraiser has a property file/appraisal card of each property to be inspected and makes notes of changes, depreciation changes, remodeling, additions, etc. The annual re-inspection requirements for tax years 2025 and 2026 are identified and scheduled in the written reappraisal plan.

Field or Office Verification of Sales Data and Property Characteristics:

Sales information is received from various sources. These sources include conversations with local real estate appraisers, agents, and brokers. Also, from deed transactions, the district mails out sales surveys to sellers and purchasers in an effort to obtain additional sales information that may not be otherwise discovered.

These sales are compared to the existing data on the property files/field cards and changes are made as indicated. These changes include age and condition as well as any improvements made to the property before the sale takes place. When sales information indicates a difference in the improvement's square footage, the buildings are remeasured.

Sales information must be verified and property characteristic data contemporaneous with the date of sale captured. The sales ratio tools require that the property that sold must equal the property appraised in order that statistical analysis results will be valid.

PILOT STUDY BY TAX YEAR:

New and/or revised mass appraisal models are tested each tax year. Ratio studies, by market area, 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.

Residential valuation schedules are cost-based tables modified by actual sales with the cost reflecting the actual replacement cost new of the subject property, market research indicates that the common unit of comparison for new residential construction as well as sales of existing housing is the price paid per square foot. The value of extra items is based on their contributory value to the property. This value may be estimated by the price per square foot or a value of the item as a whole. This data is extracted from the market by paired sales analysis and conversations with local appraisers and brokers. These schedules are formulated from the Marshall and Swift Valuation Service Residential Handbook.

The residential schedule is based on quality of construction, size of structure, condition of structure, contributory value of extra items, and land value. Each of these variables has a direct impact on the cost as well as the value of a property. Following is an example of each of the variables and how they may affect market value.

1. Quality of construction: Residential construction may vary greatly in quality of construction. The type of construction affects the quality and cost of the material used, quality of the workmanship, as well as the attention paid to detail. The cost and value of residential property

will vary greatly, depending on the quality of construction. The District's Appraisal Manual contains an expanded description of classifications used and is attached by reference.

2. Size of structure: The size of a building also has a direct impact on its cost as well as its value. The larger the building, the less the cost per square foot. The District's schedules are graduated in size increments, depending on market conditions. Marshall and Swift Valuation Service also support the size factor. The District's Appraisal Manual contains an expanded description of size increments and square footage breakdown's and is attached by reference.
3. Condition of improvements: The District rates conditions as very poor, poor, fair, average, good, very good, and excellent. Upon physical inspection appraisers, using their own judgment of age and condition of the structure, applies a depreciation factor. This factor is based generally on one (1) percent for each two years of age. Properties that, in the opinion of the appraisers, are unlivable are not appraised according to the schedule. Rather, they are appraised at salvage value or are marked as no value at all.
4. Age of Structure: The District's field appraiser assigns an approximate effective age. This method is supported by conversations with local appraisers and builders who estimate the economic life of residential properties to be approximately 50 years. Properties in the age 51 and over bracket are given the maximum amount of depreciation unless remodeling or very good upkeep has allowed the structure to maintain a longer life. The effective age and chronological age may or may not be the same depending on the condition of the structure. This depreciation factor is generally based on one (1) percent for each two years of age.
5. Extra items: Extra items are valued according to their contributory value to the whole. Examples of extra items include covered porches, patios, screened or enclosed porches, storage buildings, swimming pools, etc. The District's Appraisal Manual contains more specific information regarding extra items and is attached by reference.
6. Land Value: The District values land based on market transactions. Units of comparison depend on how the property is purchased and marketed. Large acreage tracts are usually purchased based on the price per acre. Commercial tracts are purchased based on the price per square foot, and residential properties are purchased based on price per front foot. Depth factors are used to modify values according to market indicators. Land prices vary throughout the District therefore their values are dependent upon homogenous areas. Land schedules for residential, commercial, agricultural, and industrial properties are available upon request from the District.

Inspections of property are made by exterior perspective, so the interior finish as well as interior components are assumed and are not adjusted. All financing for comparable sales is considered typical to the market. The final estimate of value is a correlation of the comparable sales after net adjustments have been deducted from the sales price to equal the subject property. The value by this method is estimated by the appraiser and is not a function of the computer.

VALUATION BY TAX YEAR:

Using market analysis of comparable sales and locally tested cost data, market area specific income and expense data, valuation models (Cost 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 areas are updated each reappraisal year. Properties in selected market areas are updated in non-reappraisal years. Tax year 2025 is a reappraisal year. Tax year 2026 is a reappraisal year. *Note: The district will describe its valuation methods by property types.*

RESIDENTIAL REAL PROPERTY
- **Sales Comparison Approach to Value**
- **Cost Approach to Value**
- **Income Approach to Value**

SPECIAL INVENTORY RESIDENTIAL PROPERTY
- **Sales Comparison Approach to Value**
- **Cost Approach to Value**
- **Income Approach to Value**

MULTIFAMILY RESIDENTIAL PROPERTY
- **Sales Comparison Approach to Value**
- **Cost Approach to Value**
- **Income Approach to Value**

COMMERCIAL REAL PROPERTY
- **Sales Comparison Approach to Value**
- **Cost Approach to Value**
- **Income Approach to Value**

VACANT REAL PROPERTY
- **Sales Comparison Approach to Value**
- **Cost Approach to Value**
- **Income Approach to Value**

INDUSTRIAL REAL PROPERTY
- **Sales Comparison Approach to Value**
- **Cost Approach to Value**
- **Income Approach to Value**

UTILITIES
- **Sales Comparison Approach to Value**
- **Cost Approach to Value**
- **Income Approach to Value**

MINERAL INTEREST
- **Sales Comparison Approach to Value**
- **Cost Approach to Value**
- **Income Approach to Value**

SPECIAL VALUATION PROPERTIES
- **Agricultural Use**
- **Wildlife Management**
- **Timber Use**

BUSINESS TANGIBLE PERSONAL PROPERTY
- **Sales Comparison Approach to Value**
- **Cost Approach to Value**
- **Income Approach to Value**

INDUSTRIAL TANGIBLE PERSONAL PROPERTY
Sales Comparison Approach to Value
Cost Approach to Value
Income Approach to Value

Sales Comparison Approach to Value:

The sales comparison approach to value is utilized by grouping or clustering sales within the classification of properties. The sales are then tested against appraised values to indicate a ratio for the school district. A neighborhood is a grouping of complementary land uses affected equally by the four forces that influence property value: social trends, economic circumstances, governmental contracts and regulations, and environmental conditions. The neighborhood in Dimmit Central Appraisal District is defined by the school district. These factors have an impact on the value of properties within this grouping and in turn on properties being appraised.

Cost Approach to Value:

The District uses a hybrid cost model developed from Marshall and Swift Valuation Service. The cost model categorizes and values property by class, age, condition, and extra items. Depreciation is derived by age/condition and any additional depreciation that may be necessary. Land value is added to indicate a preliminary market value for like properties within the subject neighborhoods. After cost schedules, depreciation, and land values are applied, then a market modifier may be necessary to adjust the values to actual market conditions. These modifiers apply to improvements only and do not adjust land values. Therefore, the cost approach to value is actually a hybrid of the sales comparison and cost approaches to value.

Income Approach to Value:

The income approach to value or rent multipliers are currently not a reliable indicator of value for residential mass appraisal reports unless rents are specified. Databases or data sources for income producing residential properties are not available in the Dimmit County area. Therefore, the income approach to value is not used in the residential mass appraisal report but is used for other types of properties.

Additional information concerning approaches to value for specific types of properties, such as minerals, utilities, industrial, railroads, pipelines, industrial personal property, etc. may be found in the Plan provided by the Appraisal Company that performs those appraisals and is attached to this plan by reference.

Special Valuation Process:

Agricultural Use: Market value for agricultural property is established by acceptable appraisal methodology.
The District also values agricultural property by the income approach as set forth in the Texas Property Tax code. This is a special valuation process as there are parameters set forth in the Code regarding capitalization rates. Income and expenses for each different category of agricultural use is estimated from surveys, actual rental data obtained by property owners as well as conversations with local governmental agencies. The formula used is set out by the Texas Property Tax Code and is as follows: net-to-land (all Ag related income streams – all Ag related expenses) / cap rate = Ag value

THE MASS APPRAISAL REPORT:

Each tax year, the required Mass Appraisal Report is prepared and certified by the Chief Appraiser at the conclusion of the appraisal phase of the ad valorem tax calendar (on or about May 15th). The Mass Appraisal Report is completed in compliance with STANDARD RULE 5 & 6 of the *Uniform Standards of Professional Appraisal Practice.* The signed certification by the Chief Appraiser is compliant with STANDARD RULE 6 –3 of *USPAP*.

Certification Statement

This reappraisal plan complies with Texas Property Tax Code Section 6.05 (i) and 25.18 and with the Uniform Standards of Professional Appraisal Practice Standard 5 and 6.

I, Norma Carrillo, Chief Appraiser for Dimmit Central Appraisal District, solemnly swear that I have made or caused to be made a diligent inquiry to ascertain all property in the District subject to appraisal by my department staff has been included in this reappraisal plan to the best of my knowledge and belief.

Norma Carrillo

Norma Carrillo, RPA
Chief Appraiser

August 21, 2024

Date

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. Note: The appraisal district identifies the evidence to be used in informal and formal hearings by property type and the steps to be taken to insure compliance with House Bill 201.

RESIDENTIAL PROPERTY
SPECIAL INVENTORY RESIDENTIAL PROPERTY
MULTIFAMILY RESIDENTIAL PROPERTY
COMMERCIAL REAL PROPERTY
VACANT REAL PROPERTY
INDUSTRIAL REAL PROPERTY
UTILITIES
MINERAL INTEREST
SPECIAL VALUATION PROPERTIES
BUSINESS TANGIBLE PERSONAL PROPERTY
INDUSTRIAL TANGIBLE PERSONAL PROPERTY

Informal hearings are conducted by phone, mail, email, or in person by District appraisers. Appraisers may present sales data or data specific to the property in defense of the District values. If the taxpayer wishes to pursue a dispute further, the appraiser or District staff will guide them through the initial phase of the formal protest procedures.

When taxpayers are scheduled for formal hearings, they receive an ARB procedures pamphlet and a copy of the *Taxpayer's Rights, Remedies, and Responsibilities* published by the State Comptroller's office. If protest hearing evidence is requested, the appraisal district has 14 days prior to the protest hearing to make its evidence regarding value disputes available. Information provided, as appropriate, may include but is not limited to: comparable sales and applicable schedules, depreciation tables, a copy of the discount cash flow model developed to calculate the current inventory value, income and expense information derived from the market that has been accumulated and developed into charts containing general data, applicable appraisal reports and research data applicable to the property, etc.

At no time, except as provided by the Texas Property Code, will any confidential income, expense, sales, or other information received from taxpayers on specific accounts be released.

COMPUTER ASSISTED MASS APPRAISAL SYSTEM:

The appraisal district clerical staff will be responsible for entering all changes reflected from field inspections done by DCAD or Eagle Property Tax Appraisal & Consulting, Inc. field appraisers. Pictures will also be taken by the field appraisers and submitted on a timely basis for downloading by appraisal district clerical staff. Dimmit CAD appraisers will also be responsible for entering some of their own field inspection data.

Appraisal district staff will be responsible for entering all name and address changes received by emails, phone, letter or from the front counter. Staff will also be responsible for entering any exemption changes, as well as any supplemental changes. Staff is responsible for backing up computer files and maintaining changes to the maps.

The software providers are responsible for providing training and assisting appraisal district staff concerning use of existing and new programs.

ARB APPEAL PROCEDURES:

After the Appraisal Review Board hears and determines all timely filed protests, the District mails, by certified mail with return receipt, the ARB orders containing the Board's decision on the protest to the property owners. Property owners have 60 days after receiving a Board Order to either file suit in District Court or to file a request for arbitration. Information on procedures for appealing an ARB order is included in the order along with a Request for Binding Arbitration form.

PLANNING A REAPPRAISAL

Variation in reappraisal requirements requires Dimmit Central 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 ten steps in a reappraisal. These steps outline those activities performed by Dimmit Central Appraisal District for the completion of periodic reappraisals. Activities are listed below in the order in which they occur:

1. Performance Analysis:
   A. ratio study
   B. equity of existing values
   C. consistency of values with market activity
2. Revaluation Decision:
   A. statutory – at least once every three years
   B. administrative policy
3. Analysis of Available Resources:
   A. staffing
   B. budget
   C. existing practices
   D. information system support

E. existing data and maps

4. Planning and Organization
   A. target completion dates
   B. identify performance objectives
   C. specific action plans and schedules
   D. identify critical activities with completion dates
   E. set production standards for field activities
5. Mass Appraisal System:
   A. forms and procedures revised as necessary
   B. CAMA (computer assisted mass appraisal) system revisions as required
6. Conduct Pilot Study
   A. test new/revised appraisal methods as applicable
   B. conduct ratio studies
   C. determine if values are accurate and reliable
7. Data Collection
   A. building permits and other sources of new construction
   B. check properties that have undergone remodeling
   C. reinspection of problematic properties
   D. reinspection of universe of properties on a cyclic basis
8. Valuation:
   A. market analysis (based on ratio studies)
   B. schedules development
   C. application of revised schedules
   D. calculation of preliminary values
   E. tests of values for accuracy and uniformity
9. The Mass Appraisal Report
   A. establish scope of work
   B. compliance with Standards Rule 6 - 7 of USPAP
   C. signed certification by the chief appraiser as required by Standards Rule 6-8 of USPAP
10. Value Defense:
    A. prepare and deliver notices of value to property owners
    B. hold informal hearings
    C. schedule and hold formal appeal hearings

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

Dimmit Central Appraisal District
Residential, Commercial, Rural, and Personal Property
2025/2026 Reappraisal Plan

This plan for reappraisal was written by Dimmit Central Appraisal District in conjunction with Eagle Property Tax Appraisal & Consulting, Inc. and utilizes the Eagle Property Tax Appraisal & Consulting, Inc. methodology and is in compliance with USPAP requirements.

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

1. **Three-Year Cycle**: The Dimmit CAD is divided into three areas. Each year, all Real, Residential and Commercial property within one of the areas will be reappraised or physically inspected, data updated and photographed, regardless of any ratio study/report findings. These areas are identified as follows:

Areas and Timelines for physical inspections:

Timeline for:
Appraisal Year One - Starts September 1, 2024, through March 30, 2025
Appraisal Year Two - Starts September 1, 2025, through March 30, 2026

Area 1 Northern County from Hwy 277 East to Hwy 83 N

Area 2 Southeast County from Hwy 85 E to Hwy 83 S

Area 3 Southwest County from Hwy 277 W to Hwy 83 S

Reappraisal Calendar:

Year	Categories of Properties and Areas
2025	Area 2 E1's, Asherton/Catarina A1's and F1
2026	Area 3 E1's, Carrizo Springs A1's and F1

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

2. **Annual Ratio Reports:** 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 shall be reappraised in the current year regardless of the area in which they are located.

3. **Market Areas Defined:** The District uses the market area of the Carrizo Springs Consolidated Independent School District when setting the market for Categories A, B, C, D, E and F.

This three-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 have change.

Organization

Field inspections are carried out by the field appraiser as directed by the chief appraiser and Supervising Appraiser. The field appraiser physically inspects areas required by the reappraisal cycle, checks all existing data, works building permits, takes photographs of improvements, draws plans of new improvements for entry into computer, 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.

The chief appraiser and Supervising Appraiser assisted by Eagle Property Tax Appraisal & Consulting, Inc. perform market analysis. Sales data is gathered throughout the year 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 applied to the universe of properties.

2025 Work Plan for Reappraisal Schedule

August, 2024:

1. Electronic Appraisal Roll (EARS) submission to Property Tax Assistance Division
2. Electronic Property Transaction (EPTS) submission to Property Tax Assistance Division
3. Current Appraisal Roll submission information to the Tax Office
4. Public presentations as needed for the Certified totals
5. Present information to the taxing entities as needed for their tax rate calculations
6. Update TNT website for tax information
7. Public presentations as needed for the DCAD Budget
8. Process deed and surveys for ownership and mapping update
9. Appraisers training on new iPad mobile service for appraising
10. Prepare appraisal files, records for field work

September, 2024:

1. Begin on-site inspections/field work from September through March before notices are mailed
2. Start producing Annual Report for previous year
3. Send Fourth Quarter Allotment letters to Entities
4. PTC Section 6.05 (i) Approval of Biennial Reappraisal Plan
5. PTC Section 6.06 Adoption of CAD Budget

October, 2024:

1. Continue on- site inspections as per reappraisal plan
2. Submit Third Quarter Clerical changes report to ARB and BOD
4. Tax Assessor Collector mails out current tax bills
5. Hold the annual agricultural special valuation meeting for completion of state survey

November, 2024:

1. Continue with field work, discovery of new improvements, personal and commercial property
2. Collect, verify and process income and expense information
3. Publish Annual Report for previous year

December, 2024:

1. Begin planning sales ratio studies for all areas within the CAD.
2. Gather current sales data from sales confirmation letters, deed records, and other sources.
3. PTC Section 11.47 (a) Chief appraiser may conduct a mail survey to verify homestead exemption eligibility

January to March 2025:

1. Continuation of field work and inspection of identified properties
2. Mail out the following: homestead applications, special-use valuation applications, personal property renditions, exemption applications, and any other required forms.
3. Enter new ownership information as provided by property owners or county clerk records
4. Submit land surveys received to BIS for map platting to update mapping

5. Begin running sales ratio reports. Compare with CAD values and sales information
6. Continue working with the Comptroller's Office regarding the ratio study
7. Identify necessary schedule adjustments.
8. Begin update of the USPAP report (Mass Appraisal Report).
9. Begin working renditions.
10. Update Appraisal Manuals
11. Submission of notification to State Comptroller of eligibility to serve as chief appraiser

March through April 2025:

1. Continue running sales ratio reports.
2. Refine sales analysis and mass appraisal schedules.
3. Statistically test schedules.
4. Complete data entry of all reappraisal and maintenance changes.
5. Assist field appraiser with reappraisal functions as needed.
6. Finalize all fieldwork and data collection activities.
7. Execute mass appraisal/maintenance activities as required.
8. Prepare for mailing 2025 Notices of Appraised Value.
9. Mail appropriate letters concerning homesteads, special-use appraisals, etc.
10. Continue working renditions
11. Provide certified preliminary estimated values to taxing units

May through June 2025:

1. Mail notices of appraised value.
2. Hold ARB meeting to present records after notices are sent
3. Hold informal hearings.
4. Respond to property owners' inquiries, protests, and questions from notice mailings.
5. Mail notices of ARB hearing appointment letter.
6. Hold ARB hearings.
7. Mail ARB certified change/no change orders.
8. Mail appropriate ARB pending decision letters.
9. Mail appropriate penalty letters on non-rendered personal property.

July 2025:

1. Complete ARB Late Protests
2. Complete the process of mailing certified ARB orders.
3. Enter into computer all changes as ordered by ARB
4. ARB approval of appraisal records by July 20th.
5. Certification of appraisal records and values to taxing units by July 25th.

As needed throughout the year 2025:

1. Handle any outstanding protests by scheduling ARB hearings.

Additionally, work outside of the appraisal process must be completed on a timely basis. Dimmit Central Appraisal District is a small district with limited staff and with designated departments, but not limited to other duties and responsibilities per department. District staff must complete, in a timely manner, the work assigned by the chief appraiser, supervising appraiser. The work schedule, in addition to the above scheduled calendar, is as follows:

Daily:
1. Back up daily data entries.
2. Tax master maintenance (name, address, legal, value, etc.) data entry.
3. Drawing maintenance data entry.
4. Maintain prorated accounts.
5. Maintain exempt frozen accounts.
6. Mobile home changes data entry.
7. Residential, commercial, personal property, industrial, mineral changes data entry.
8. Agricultural changes data entry.
9. Send appraisal roll changes/tax roll changes to appropriate taxing units through the tax assessor/collector's office, if the changes affect the current tax roll.
10. Download pictures provided by the field appraiser.

Weekly:
1. System backup.
2. PC server's backup.

As Needed:
1. Make changes for supplemental accounts and update tax master.
2. Update previous years' tax masters.
3. Programming changes.
4. Create new reports as needed
5. Mail letters on properties receiving over-65 exemptions where the property owner is now deceased.
6. Homestead letters.
7. Notices of change.
8. Maintain records retention (scan, store, etc.)

While the scope of work is not limited to the scheduled tasks, the district has endeavored to identify the **main** yearly tasks. To further pinpoint scheduled tasks, the following calendar has been implemented for District staff, but the work is not limited to the tasks contained in this calendar:

January 2025 and 2026:
1. All personal property renditions are mailed.
2. Obtain building permits issued by city and code the appropriate parcel for inspection by a field appraiser.
3. Continue with data entry of completed field work cards.
4. Prepare and key in data on all splits and combines.
5. Prepare monthly reports.
6. Prepare file for renditions to be mailed.
7. Maintain records management program.
8. Mail various applications.
9. Mail new special-use (agricultural) applications due to change of ownership.
10. Notify the tax assessor/collector of each taxing unit of any changes on property information
11. Hold an ARB meeting to receive the supplemental records, complete the Statement of Officer form, administer Oaths of Office, elect officers, etc.
12. Prepare and have available for inspection by the BOD and the ARB the 25.25b change reports.
13. Publish the quarter-page ad on availability of exemptions, rendition requirements, special appraisals, and tax deferrals.
14. Publicize the uniform procedure to appraise inventory.
15. Approve or ratify contracts with vendors.
16. Enter data on new abatements.
17. Schedule BOD meeting and include executive session if necessary.

18. Notify appropriate tax units and other persons of any completed abatements and provide preliminary estimates of value in order for them to determine abatement percentages.
19. Obtain "cap rate" to be used in 2025/2026 appraisals.
20. Request license information from Texas DPS to obtain birth date information to automatically grant over-65 homestead exemptions.
21. Submit updated current year appraisal roll to each tax unit.
22. Continue data entry of name/address changes, splits and combines, subdivision information, and personal property into the current file.
23. Complete "end-of-year clean-up" in the computer and set the computer to accept current year information.
24. Train District staff on the use of any changes to computer programs.
25. Develop new reports as needed.
26. Continue to obtain deed changes and key in ownership changes and parcel boundary changes and create new accounts as needed.
27. Continue to provide assistance to property owners and the general public by answering phone calls and assisting with walk-in customers, real estate agents, landsmen, etc.
28. Update and maintain maps.
29. Process and sell digital parcel data through open public requests
30. Maintain website.
31. Send sales information and deed transfer information to State Comptroller's Office by February 1.
32. Work with Eagle Appraisal and Consulting Services, Inc. to determine possible dates for Ag Advisory Council meetings and set those meetings up.

February 2025 and 2026:

1. Continue keying in recheck notes.
2. Continue downloading pictures provided by field appraiser.
3. Proof changes keyed in.
4. Continue data entry of sketches/drawings.
5. Set up new business accounts.
6. Research returned mail.
7. Maintain records management program.
8. Prepare all changes for the ARB meeting.
9. Start process for obtaining services for the mailing of appraisal notices.
10. Prepare for possible appeal of Comptroller's ratio study. Begin accumulating sales information to prepare appeal.
11. Notify tax assessors/collectors of any changes which require refunds.
12. Maintain website and update it with any new forms, schedules, deadlines, etc.
13. Require the BOD, ARB, and chief appraiser to sign affidavits regarding delinquent taxes.
14. Set up ARB meeting to approve all changes, approve supplemental accounts, and hold hearings on substantial error motions.
15. Ensure that all lawsuits have complied with Section 42.08 payment requirements.
16. Review revisions needed for ARB programs and documents and order necessary supplies.
17. Present preliminary ratio study results to the BOD.
18. Submit updated current year appraisal roll to each taxing unit.
19. Continue data entry of changes and updates.
20. Prepare for annual mailouts.
21. Continue to obtain deed records and make changes to appropriate parcels.
22. Continue with customer service (phone calls, walk-ins, etc.).
23. Continue to maintain maps.

March 2025 and 2026:

1. Continue work on appeal of Comptroller's ratio study, if necessary.
2. Continue updating USPAP (Mass Appraisal Report).
3. Continue data entry of field work.
4. Continue downloading pictures provided by field appraiser.
5. Continue to research returned mail.
6. Maintain records management.
7. Prepare recap of values for supplemental accounts for the ARB and prepare supplemental logs for the ARB.
8. Prepare and key-in new tax agent codes and update changes to existing agent codes.
9. Prepare and mail reminders to those who failed to return homestead applications and/or agricultural applications.
10. Order envelopes for bulk mail-outs.
11. Notify tax assessors/collectors of changes that require refunds.
12. Prepare and mail-out letter to agents requiring them to update the accounts they represent and inform them of fiduciary requirements to protest.
13. Be sure that new ARB members are signed up for the mandatory training course.
14. Process rendition extension requests and print and mail letters granting or denying those requests.
15. Submit updated appraisal roll to each tax unit.
16. Update all schedules as needed and assisted by Eagle Appraisal & Consulting Services, Inc.
17. Continue to obtain and process deed records.
18. Continue to provide customer service assistance.
19. Continue to maintain maps.

April 2025 and 2026:

1. Complete data entry of changes.
2. Begin preparation of Notices of Appraised Value.
3. Mail Notices of Value by May 1 or soon thereafter.
4. Begin compiling information for evidence packets for property owners filing protests and requesting evidence.
6. Continue data entry processes.
7. Continue to research returned mail.
8. Contain to maintain records management.
9. Prepare change logs for the ARB and BOD.
10. Purchase sufficient postage for mailing Notices of Appraised Value.
11. Continue to obtain sales information.
12. Notify each tax assessor/collector of changes that require a refund.
13. Update website to include new information and current year protest forms.
14. Prepare and submit 25.25b reports to the BOD and ARB.
15. Continue to receive and process rendition extension requests and prepare and mail letters granting or denying the requests.
16. Mail letters to taxing units requesting new abatement contracts/TIF Zones for the current year. (This information is to be sent to the Comptroller's Office before July 1.)
17. By April 30th, submit certified preliminary estimates of value to taxing units.
18. Prepare file for Notices of Appraised Value and submit to vendor.
19. Prepare edits for appraisal notices and submit to vendor.
20. Continue to develop reports as needed.
21. Continue to obtain deed records and make changes as indicated.
22. Continue to provide customer service to the general public.
23. Continue to maintain maps.

May 2023 and 2024:

1. Notices of Value mailed out.
2. Continue to work renditions and new personal property accounts.
3. Begin working with property owners regarding proposed values and protests filed.
4. Appraisers hold informal hearings with protesting property owners.
5. Provide evidence to property owners submitting evidence requests for protest hearings.
6. Prepare monthly reports.
7. Continue to research returned mail.
8. Continue to maintain records management.
9. Notify taxing units' tax assessors/collectors of appraisal roll changes that require refunds.
10. Process and determine requests for additional 15 days to file renditions (May 30th deadline) and mail determinations.
11. By May 15th, submit appraisal records to ARB.
12. Ensure that all new ARB members have attended mandatory training course and that certificates of completion are on file.
13. Publicize protest procedures and deadlines in ¼ page ad in local newspaper.
14. Update parcel information on new improvement values due to expired abatements and percent changes.
15. Begin scheduling protest hearings and mail Notice of Protest letters and reminder letters as necessary.
16. Provide updated appraisal roll information to each taxing unit.
17. Mail, as necessary, preliminary ARB change letters, no change letters, unable to contact letters, and homestead letters.
18. Prepare new reports as needed.
19. Obtain deed records and process changes.
20. Update maps to reflect changes of ownership, splits, combines, etc.
21. Continue to provide customer service to general public.

June 2025 and 2026:

1. Mail penalty letters on non-rendered personal property accounts.
2. Continue working with property owners regarding proposed values and appraisers continue to hold informal hearings.
3. Continue to provide evidence to property owners submitting evidence requests for protest hearings.
4. Prepare monthly reports.
5. Continue to research returned mail.
6. Continue to maintain records management.
7. Notify taxing units' tax assessor/collectors of any appraisal roll changes that require refunds.
8. ARB hearings to begin or continue as needed.
9. Mail ARB certified orders on change, no change determinations.
10. Ensure that school districts have a certified estimate of value and that all units have an estimate of value.
11. Submit abatement contracts executed and reinvestment zones established by taxing units in prior year to the Property Tax Division (must be done by July 1st).
12. Prepare proposed Dimmit CAD Budget for the following year and submit to BOD.
13. Continue to schedule protest hearings and mail letters and reminder letters as necessary.
14. Prepare folders for hearings.
15. Post hearing agendas as necessary.
16. Submit appraisal roll changes to each taxing unit.
17. Submit sales information to State Comptroller's Officer by June 1.
18. Obtain deed records and process ownership changes, splits, combines, etc. and ensure that maps are updated to reflect these changes.
19. Continue to provide customer service to the general public.

July 2025 and 2026:

1. Mail all approvals/denials on rendition penalty waiver requests, ARB certified orders and any other necessary correspondence.
2. Continue ARB hearings if necessary until all protests have been heard.
3. Prepare monthly reports.
4. Continue to research returned mail.
5. Continue to maintain records management.
6. Ensure that all ARB changes have been keyed into computer.
7. By July 20th, ARB approves the appraisal records for the current year.
8. Check appraisal roll and values for substantial errors.
9. Provide certified values and recaps to all taxing units by July 25th and print certified rolls for each unit.
10. Notify taxing units' tax assessor/collectors of appraisal roll changes that require refunds.
11. Prepare and submit 25.25(b) quarterly reports to BOD and ARB.
12. Begin working on the reappraisal calendar for the following year.
13. Obtain deed records and make ownership changes, splits and combines, and update parcels and maps to reflect the changes.
14. Continue to provide customer service to the general public.

August 2025 and 2026:

1. Prepare appraisal information files for the appropriate reappraisal area for the field appraisers.
2. Prepare reports for the State Comptroller's Office.
3. Prepare monthly reports.
4. Continue to maintain records management.
5. Re-check appraisal roll for substantial errors.
6. Generate report of sales information on sales that occurred January 1 through the end of July.
7. Begin fieldwork to examine sales or note these sales to examine when fieldwork begins in September.
8. Field examinations continue through April of the following year.
9. Notify taxing units' tax assessors/collectors of appraisal roll changes that require refunds.
10. After certification of rolls, send to Texas Department of Economic Development a listing of all sites with values greater than or equal to $100 million, in compliance with Section 23.23 of the Texas Property Tax code.
11. Contact entities on primarily charitable organization exemptions to see if renewal of exemption is needed.
12. Have BOD schedule the budget hearing.
13. Publicize the budget and budget hearing date.
14. Submit updated appraisal roll to each taxing unit.
15. Make available all necessary information for the calculation of tax rates to the assessor collector for the calculation process.
16. Obtain deed records and make ownership changes, splits and combines and update parcels and maps to reflect changes.
17. Continue to provide customer service to the general public.

September 2025 and 2026:

1. Attend entity meetings for adoption of tax rate process.
2. Eagle Appraisal and Consulting Services, Inc. and Dimmit CAD field appraisers will begin field work.
3. Begin working on any arbitration cases.
4. Begin working on September 1 inventory parcels.
5. Prepare Property Value Reports for State Comptroller's office.
6. Begin data entry of changes made by field appraisers and download new pictures taken by field appraisers.
7. Prepare monthly reports.

8. Continue to maintain records management.
9. Run listing of all category A1s where mailing address and physical address are the same, but no homestead exemption is granted in order to mail property owners a homestead application in the following year.
10. Notify each taxing units' tax assessor/collector of changes to the appraisal roll that require a refund.
11. BOD must adopt the following year's budget by September 15.
12. Send State Reports to the Property Tax Division.
13. Obtain deed records and make ownership changes, splits and combines, and ensure that parcels and maps are updated to reflect the changes.
14. Continue to provide customer service to the general public.
15. Prepare to assist taxpayers when tax statements are mailed out.

October 2025 and 2026:
1. Field inspection work continue.
2. Begin working with the Comptroller's office regarding the ratio study.
3. Mail completed Reports of Property Value to the State Comptroller's office.
4. Continue to key in changes made by field appraisers.
5. Continue to download new pictures taken by the field appraisers.
6. Prepare monthly reports.
7. Continue to maintain records management.
8. Notify each taxing units' tax assessor/collector of appraisal roll changes that require a refund.
9. Prepare and submit 25.25(b) change report to BOD and ARB.
10. Notify appropriate taxing units of any current year lawsuits.
11. Obtain deed records and make ownership changes, splits and combines and update parcels and maps to reflect those changes.
12. Hold annual AG meeting to fill out survey required by the State
13. Continue to provide customer service to the general public.

November 2025 and 2026:
1. Dimmit CAD appraisers will continue field work.
2. Continue working with the Comptroller's office regarding the ratio study.
3. Continue keying in changes made by field appraisers and downloading pictures.
4. Prepare monthly reports.
5. Continue to maintain records management.
6. Prepare new homestead exemption applications for mail-out during the first part of January.
7. Prepare renditions for mail-out during the first part of January.
8. Notify each taxing units' tax assess/collector of appraisal roll changes that require a refund.
9. BOD appoints the following year's Ag Advisory Council at a regular meeting.
10. BOD appoints ARB members for the following year at a regular meeting.
11. Submit updated appraisal roll information to each taxing unit.
12. Obtain deed records and make ownership changes, splits and combines, and update parcels and maps to reflect those changes.
13. Continue to provide customer service to the general public.

December 2025 and 2026:
1. Dimmit CAD field appraisers will continue field work.
2. Continue to key in changes provided by the field appraisers and download new pictures.
3. Continue to work on arbitration cases and lawsuits if needed.
4. Continue working with the Comptroller's office regarding the ratio study.
5. Prepare monthly reports.

6. Prepare all homestead exemption applications to surviving spouse of deceased for mail out on January 1st.
7. Notify each taxing units' tax assessor/collectors about any changes to the appraisal roll that requires refunds.
8. Submit updated appraisal roll information to the taxing units.
9. Obtain deed records and make ownership changes, splits and combines and update parcels and maps to reflect those changes.
10. Continue to provide customer service to the general public.
11. Continue to maintain records management.

Special Projects:

Begin the process of training for the newly acquired mobile appraisal service:
All appraisers

The 2nd aerial flight of the county to be flown in November 2024.

Working with BIS, the GIS service vendor, to complete mapping on property ID's.
Combine property IDs that carry the same legal description for ease of mapping
Personnel: Felicia Asbury, Supervising Appraiser and Amy Vargas, Data Entry Clerk

Conduct the required Homestead audit by mailing out updates to the 2nd phase of owners
Personnel: Norma Carrillo, Chief Appraiser
Elisa C Salinas, Property Appraiser/ Exemptions Clerk, Amy Vargas, Data Entry Clerk

Review all AG properties for applications, verification of qualification and documentation needed for files
Personnel: Enrique "Ricky" Mata, AG appraiser

Reviewing and deletion of old mobile home and personal property accounts
Integrate new schedule for mobile homes
Personnel: Laura Perez, Business Personal Property Appraiser

Any items not completed from 2025 will carry forward to the 2026 work plan.

2026 Reappraisal Schedule

The same timetable and duties apply in the 2025 and 2026 appraisal year cycle. The field appraiser shall physically inspect all property as described in Area 2 for 2025 and Area 3 for 2026 of the timeline and reappraisal schedule indicated. The chief appraiser and CAD staff shall continue to complete the same duties and reappraisal steps as outlined for the 2026 year.

CONTRACT SERVICES PROVIDING MASS APPRAISAL ASSISTANCE

Dimmit Central Appraisal District maintains a contract with Eagle Property Tax Appraisal & Consulting, Inc. for the primary responsibility of developing fair, uniform market values for Real and Commercial properties located within the boundaries of Dimmit Central Appraisal District.

Dimmit Central Appraisal District maintains a contract with the appraisal firm of Capitol Appraisal Group, Inc. for the primary responsibility of developing fair, uniform market values for mineral and industrial properties located within the boundaries of Dimmit Central Appraisal District.

Eagle Appraisal and Consulting Inc. <> Appraisal and Consulting

Capitol Appraisal Group Inc. <> Mineral and Utilities

CONTRACTED FIRMS' WRITTEN PLANS FOR PERIODIC REAPPRAISAL

Each contracted appraisal firm has its own reappraisal plan and is attached to this Plan.

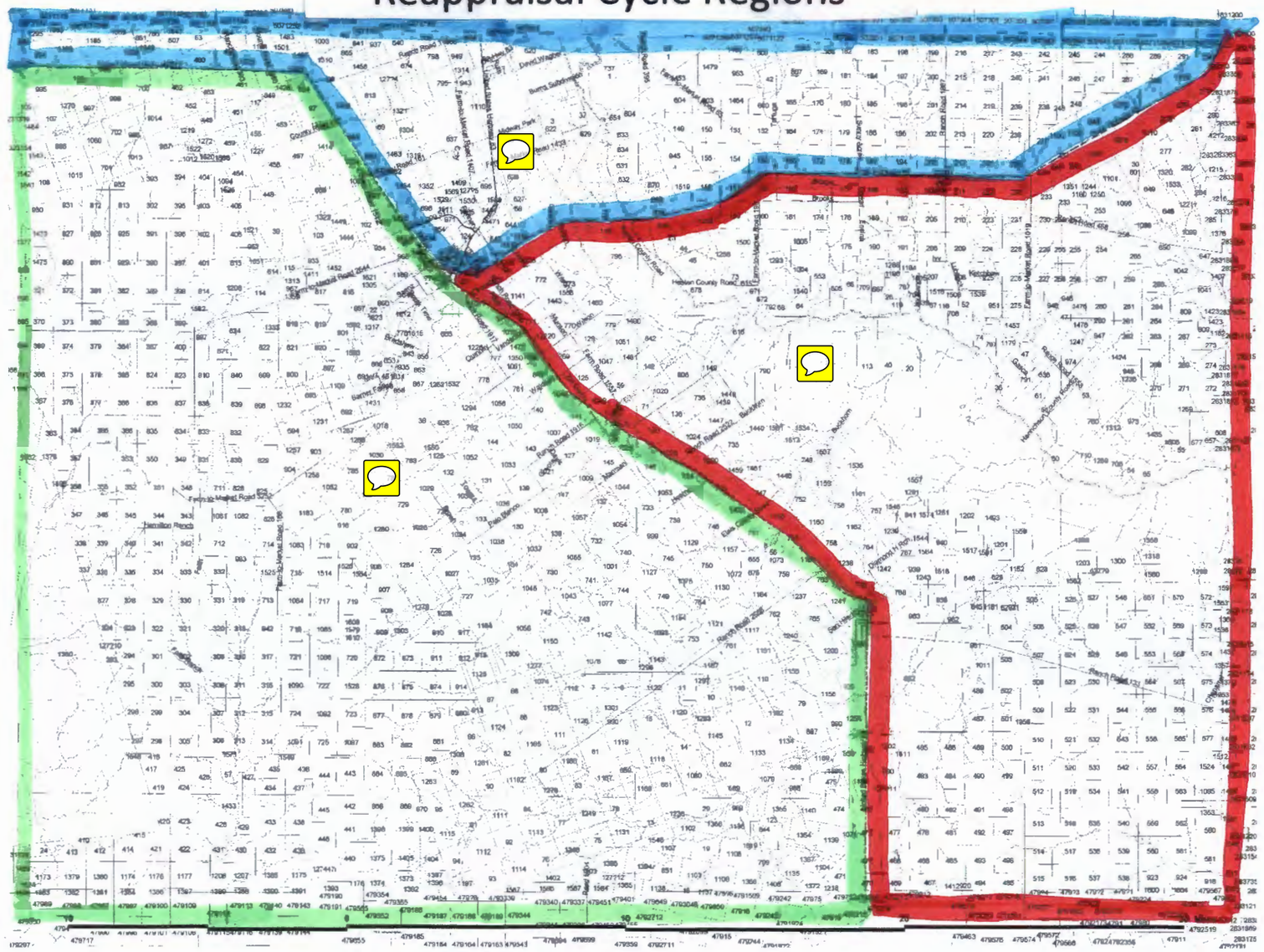
APPROVED AND ADOPTED THIS __21st __ DAY OF___August__,2024.

_____ _____

Anita Franco, Michael Uriegas
Chairman, Board of Directors Secretary, Board of Directors

Dimmit Central Appraisal District

Reappraisal Cycle Regions



Region 1

Region 2

Region 3

N

W E

S

EAGLE PROPERTY TAX APPRAISAL & CONSULTING, INC.

REAPPRAISAL PLAN

2025-2026

DIMMIT CAD

INTRODUCTION

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 plan. Not later than the 10th day before the date of the hearing, the secretary 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 sixty (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 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 the location and market area of property, physical attributes of property such as size, age, and condition, legal and economic attributes, and the identification of 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 Dimmit CAD, by policy adopted by the Board of Directors and the Chief Appraiser, reappraises all property in the district every year. The reappraisal may consist of field inspections, CAMA, or both. The reappraisal year is a complete appraisal of all properties in the district. Tax year 2025 is a reappraisal year and tax year 2026 is a reappraisal year.

Additionally, every tax year, the district inspects and appraises new construction and adds those properties to the appraisal roll. The district also inspects and reappraises properties that have been remodeled or demolished, properties with additions, properties with fire damage, or properties with any change or damage. These changes are found through building permits issued by the city. However, since building permits are not required for properties outside the city limits, District staff maintains a file of newspaper clippings that pertain to changes in property and all District staff remains alert to visual changes in properties. Throughout the year, notes are made on those visual changes and all information is provided to the field appraiser. The field appraiser will also conduct detailed field inspections of properties if requested by the owner and reappraise these properties as necessary. The district is contracted with Eagle Property Tax Appraisal & Consulting, Inc. to perform the commercial appraisals and field inspections.

Eagle Property Tax Appraisal & Consulting, Inc. compiles all sales by school district. Problematic areas are further researched and may indicate the use of market modifiers. The use of these modifiers is the predominant method of adjusting sales for location and time. Values throughout the county may be adjusted by use of market modifiers during the reappraisal year.

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 the years 2025 and 2026. Production standards for field activities are calculated and incorporated in the planning and scheduling process. Refer to the district's timeline and schedule in the Written Plan for Periodic Reappraisal.

Eagle Property Tax Appraisal & Consulting, Inc. will begin field inspections of the district's scheduled reappraisal area on or about the first Tuesday following Labor Day in September 2024 and will complete all inspections and schedules by April 1, 2025, for the 2025 tax year. Eagle Property Tax Appraisal & Consulting, Inc. will begin field inspections of the district's scheduled reappraisal area on or about the first Tuesday following Labor Day in September 2025 and will complete all inspections and schedules by April 1, 2026, for the 2026 tax year.

The district shall provide Eagle Property Tax Appraisal & Consulting, Inc. appraisers the field cards that contain specific information regarding the property being appraised. These cards contain brief legal descriptions, ownership interests, property use codes, property addresses, land size, and sketches of improvements as well as detailed information of any improvements. Appraisal field inspection procedures require the appraisers to check all information on the field cards and to update the information when necessary. All new improvements shall be measured, classed, and assigned the appropriate depreciation amount. Structures that have been demolished or

removed shall be marked off the appraisal card. Properties with extensive improvement remodeling shall be identified and the field inspection shall identify and update the property characteristic data. The appraiser shall note the date of the inspection on the card and place his initials on the card. The appraiser shall take pictures, with each picture having a date, and note the picture number on the appraisal card.

Each year, Eagle Property Tax Appraisal & Consulting, Inc. will test real property market areas, by property classification. The market areas shall be tested for low or high ratio sales and/or high coefficients of dispersion. Market areas that fail any or all of these tests are determined to be problematic. Field inspections are scheduled to verify and/or correct property characteristic data. Additional sales data is researched and verified.

The International Association of Assessing Officers' Standard on Mass Appraisal of Real Property specifies that the universe of properties shall be re-inspected on a cyclical basis of at least once every three years. The re-inspection includes physically viewing the property, photographing, and verifying the accuracy of the existing data. **The annual re-inspection requirements for tax years 2025 and 2026 are identified and scheduled in the District's Written Plan for Periodic Reappraisal.**

In addition to the three-year cycle set out by the district's reappraisal plan, Eagle Property Tax Appraisal & Consulting, Inc. will perform ratio studies annually to determine areas or categories of properties within the CAD which need to be reappraised within the current year based on ratios. Any areas or categories whose ratios are above, or below statutory requirements shall be reappraised in the current year regardless of the area in which they are located. 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 district stays current with respect to market value in those areas where residential and/or commercial property values appear to be changing rapidly.

MASS APPRAISAL SYSTEM

REAL PROPERTY VALUATION

Revisions to cost models, income models, and market models are specified, updated, and tested each year.

Cost schedules are tested with market data (sales) to ensure that the appraisal district is in compliance with Texas Property Tax Code, Section 23.011. Replacement cost new 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. Eagle Property Tax Appraisal & Consulting, Inc. utilizes the national publication of cost schedules of Marshall Valuation Services.

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

Eagle Property Tax Appraisal & Consulting performs personal property valuations only in some Districts.

Density schedules are tested using data received during the previous tax year from renditions and hearing documentation. Valuation procedures are reviewed, modified as needed, and tested.

HEARING PROCESS

Eagle Property Tax Appraisal & Consulting, Inc. representatives conduct informal hearings with protesting property owners. If the protest cannot be settled within the guidelines set out by the district's informal hearings procedures, the property owner may elect to proceed to a formal hearing before the Appraisal Review Board.

Eagle Property Tax Appraisal & Consulting, Inc. representatives will be present at formal ARB hearings and will present and defend the appraisals performed. Further, Eagle Property Tax Appraisal & Consulting, Inc. will provide the district with the calculations of schedules and final schedules.

STAFFING:

Eagle Property Tax Appraisal & Consulting, Inc. contracts with appraisers who are certified or are working on obtaining certification. Contractors are assigned to various counties but may also work with any of the company's contracted appraisal districts. A list of all contractors is attached and is subject to change.

Document 1

Value Defense Procedures for Informal Meetings and Formal Hearings

Industrial Real Property

Informal hearings are conducted by phone, mail, or in person by Capitol Appraisal Group appraisers. Appraisers may present sales data or data specific to the property in defense of our values. Income, expense and capitalization data are reviewed and presented if available. If the taxpayer wishes to pursue a dispute further, the appraiser guides them through the initial phase of the formal protest procedures.

When taxpayers are scheduled for formal hearings they receive an ARB procedures pamphlet and a copy of *Taxpayer's Rights, Remedies, and Responsibilities* published by the State Comptroller's Office. If protest hearing evidence is requested, the appraisal district has 14 days prior to the protest hearing to respond with characteristics and values of comparable properties regarding value disputes. Any income and expense information derived from the market is accumulated and developed into charts containing general data. No confidential income, expense or other information received from taxpayers on specific accounts will be released. Equity evidence is generated by Capitol using programs and tools it has developed to compare other properties to the subject property. Applicable appraisal reports and research data applicable to the property are also included in this packet.

Utilities

Informal hearings are conducted by phone, mail, or in person by Capitol Appraisal Group appraisers. Appraisers may present sales data or data specific to the property in defense of our values. Income, expense and unit appraisal data (when applicable) are reviewed and presented if available. If the taxpayer wishes to pursue a dispute further, the appraiser guides them through the initial phase of the formal protest procedures.

When taxpayers are scheduled for formal hearings they receive an ARB procedures pamphlet and a copy of *Taxpayer's Rights, Remedies, and Responsibilities* published by the State Comptroller's Office. If protest hearing evidence is requested, the appraisal district has 14 days prior to the protest hearing to respond with characteristics and values of comparable properties regarding value disputes. No confidential income, expense or other information received from taxpayers on specific accounts will be released. Equity evidence is generated by Capitol using programs and tools it has developed to compare other properties to the subject property. Applicable appraisal reports and research data applicable to the property are also included in this packet.

Oil and Gas Property

Informal hearings are conducted by phone, mail, or in person by Capitol Appraisal Group appraisers. Mineral operators and third party agents with the proper fiduciary in place may also view the parameters used in the appraisal of their oil and gas properties on Capitol's web site at www.cagi.com. Other taxpayers with an interest in a mineral lease may request a copy of their appraisals at the same web site. Appraisers may present recent production data and sales prices to compare with the actual income received by the taxpayer in defense of our values. Income, expense and capital expense data are reviewed and presented if available. If the taxpayer wishes to pursue a dispute further, the appraiser guides them through the initial phase of the formal protest procedures.

When taxpayers are scheduled for formal hearings they receive an ARB procedures pamphlet and a copy of *Taxpayer's Rights, Remedies, and Responsibilities* published by the State Comptroller's Office. Since oil and gas leases have multiple owners, all owners who pursue a formal protest on the same property will be scheduled at the same time for a hearing. If protest hearing evidence is requested, the appraisal district has 14 days prior to the protest hearing to respond with characteristics and values of comparable properties regarding value disputes. No confidential income, expense or other information received from taxpayers on specific accounts will be released. Capitol uses its MINARB procedure to generate copies of the appraisal reports and product pricing data for the current and prior tax years. These reports are also included in this packet.

Industrial Personal Property

Informal hearings are conducted by phone, mail, or in person by Capitol Appraisal Group appraisers. Appraisers may present general data specific to the property in defense of our values. Renditions other than that of the subject property will not be released. If the taxpayer wishes to pursue a dispute further, the appraiser guides them through the initial phase of the formal protest procedures.

When taxpayers are scheduled for formal hearings they receive an ARB procedures pamphlet and a copy of *Taxpayer's Rights, Remedies, and Responsibilities* published by the State Comptroller's Office. If protest hearing evidence is requested, the appraisal district has 14 days prior to the protest hearing to respond with characteristics and values of comparable properties regarding value disputes. Capitol provides copies of appraisal reports generated by its Industrial Personal Property System for inclusion in the packet. As previously stated, no confidential renditions of competing properties will be provided as evidence.

Client Plan

In the event that the client's value defense plan differs with the plan of Capitol Appraisal Group, the client's plan will be followed and supersedes the provisions of the Capitol Appraisal plan.

Value Defense Procedures for ARB Hearings

Industrial Real Property

If the taxpayer wishes to pursue a dispute beyond informal proceedings, the appraiser guides him through the initial phase of the formal protest procedures.

When taxpayers are scheduled for formal hearings they receive an ARB procedures pamphlet and a copy of *Taxpayer's Rights, Remedies, and Responsibilities* published by the State Comptroller's Office. If protest hearing evidence is requested, the appraisal district has 14 days prior to the protest hearing to respond with characteristics and values of comparable properties regarding value disputes. Any income and expense information derived from the market is accumulated and developed into charts containing general data. No confidential income, expense or other information received from taxpayers on specific accounts will be released. Equity evidence is generated by Capitol using programs and tools it has developed to compare other properties to the subject property. Applicable appraisal reports and research data applicable to the property are also included in this packet.

Utilities

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When taxpayers are scheduled for formal hearings they receive an ARB procedures pamphlet and a copy of *Taxpayer's Rights, Remedies, and Responsibilities* published by the State Comptroller's Office. If protest hearing evidence is requested, the appraisal district has 14 days prior to the protest hearing to respond with characteristics and values of comparable properties regarding value disputes. No confidential income, expense or other information received from taxpayers on specific accounts will be released. Equity evidence is generated by Capitol using programs and tools it has developed to compare other properties to the subject property. Applicable appraisal reports and research data applicable to the property are also included in this packet.

Oil and Gas Property

If the taxpayer wishes to pursue a dispute beyond informal proceedings, the appraiser guides him through the initial phase of the formal protest procedures.

When taxpayers are scheduled for formal hearings they receive an ARB procedures pamphlet and a copy of *Taxpayer's Rights, Remedies, and Responsibilities* published by the State Comptroller's Office. Since oil and gas leases have multiple owners, all owners who pursue a formal protest on the same property will be scheduled at the same time for a hearing. If protest hearing evidence is requested, the appraisal district has 14 days prior to the protest hearing to respond with characteristics and values of comparable properties regarding value disputes. No confidential income, expense or other information received from taxpayers on specific accounts will be released. Capitol uses its MINARB procedure to generate copies of the appraisal reports and product pricing data for the current and prior tax years. These reports are also included in this packet.

Industrial Personal Property

If the taxpayer wishes to pursue a dispute beyond informal proceedings, the appraiser guides him through the initial phase of the formal protest procedures.

When taxpayers are scheduled for formal hearings they receive an ARB procedures pamphlet and a copy of *Taxpayer's Rights, Remedies, and Responsibilities* published by the State Comptroller's Office. If protest hearing evidence is requested, the appraisal district has 14 days prior to the protest hearing to respond with characteristics and values of comparable properties regarding value disputes. Capitol provides copies of appraisal reports generated by its Industrial Personal Property System for inclusion in the packet. As previously stated, no confidential renditions of competing properties will be provided as evidence.

Client Plan

In the event that the client's value defense plan differs with the plan of Capitol Appraisal Group, the client's plan will be followed and supersedes the provisions of the Capitol Appraisal plan.

Capitol Appraisal Group, LLC
Formal and Informal Procedures

It is the Capitol Appraisal policy to follow the formal and informal procedures as established by each individual client. Those policies will supercede the below referenced general practices used by this company if there is a conflict.

Informal

Informal meetings with agents or taxpayers/owners on utility properties occur either on the telephone or in the offices of Capitol Appraisal if requested by the agent or owner. This procedure may also take place upon filing of a protest and is useful to finalize issues such as allocations and ownership.

Formal Meetings

Formal meetings with agents or taxpayers/owners take place at the physical location as directed by the appraisal district. Discussions with the agents or taxpayer/owners may take place prior to the scheduled meeting time with the Appraisal Review Board. A deadline for timely action is dictated by the appraisal district. Prior to the deadline and in the absence of the agent or taxpayer/owner being physically present there may be telephone conversations to discuss the protested issues. Failure to resolve the protested issue(s) and no representation by the agent or taxpayer/owner will result in the recommendation to affirm the noticed value and “no show” the agent or taxpayer/owner.

Affidavits used for evidence are presented to the Appraisal Review Board as scheduled by the appraisal district.

Documents 9A-J

Contractor's Appraisal Documentation Delivered to the CAD

Note: Appraisal formats subject to change

Industrial

Unit Pipeline	**9A**
Investor-owned Electric	**9B**
Investor-owned telephone8	**9C**
Electric Coop	**9D**
Telephone Coop	**9E**
Plant Summary	**9F**

Oil and Gas

Oil lease #1	**9G**
Oil lease #2	**9H**
Gas Property #1	**9I**
Gas Property #2	**9J**

2010

DOCUMENT 9A

SAMPLE PIPELINE COMPANY

UNIT APPRAISAL

10/5/2010

INCOME APPROACH

YEAR	AFTER TAX NOI	NET PLANT IN SERVICE		NOI / AVG of prev yr and current yr NPIS
2004	18,111,707	84,791,838		
2005	18,726,411	497,538,026		0.0643
2006	56,177,093	535,687,803		0.1087
2007	66,740,951	851,292,542		0.0962
2008	84,283,848	1,236,732,019		0.0807
2009	146,430,277	1,820,553,365	1.472067786	0.0958

PROJECTIONS OF NOI

MOST RECENT YEAR			146,430,277
FIVE YEAR AVERAGE			74,471,716
FIVE YEAR WEIGHTED AVERAGE			93,372,682
TREND ON 3 YR RETURN ON NPIS		0.0907	165,117,335
LINEAR REGRESSION ON NOI	CORR. COEFF. =	0.96	159,526,062
LIN. REGRESS. ON NOI/NPIS	CORR. COEFF. =	0.98	200,947,084

PROJECTED TYPICAL NET OPERATING INCOME	120,000,000
NET INCOME ATTRIBUTABLE TO CWIP (SEE P. 3)	24,277,319
TOTAL NET INCOME TO CAPITALIZE	144,277,319
CAPITALIZATION RATE	0.1085
VALUE INDICATED BY INCOME APPROACH	1,329,202,314

NET INCOME ATTRIBUTABLE TO
CONSTRUCTION WORK IN PROGRESS
NOT IN THE RATE BASE

TOTAL CONSTRUCTION WORK IN PROGRESS				364,645,300
CONSTRUCTION WORK IN PROGRESS IN RATE BASE				0
CONSTRUCTION WORK IN PROGRESS NOT IN RATE BASE				364,645,300
DISCOUNTED FOR	3	YEAR(S) AT A RATE OF :	0.1085	267,677,257
PROJECTED NET INCOME FROM CWIP				24,277,319

COST APPROACH

UTILITY PLANT	1,904,925,695
CONSTRUCTION WORK IN PROGRESS	364,645,300
TOTAL UTILITY PLANT	2,269,570,995
ACCUMULATED DEPRECIATION AND AMORTIZATION	93,270,899
NET UTILITY PLANT	2,176,300,096
GAS STORED - BASE GAS	0
SYSTEM BALANCING GAS	0
GAS STORED UNDERGROUND - NON-CURRENT	0
GAS STORED - SYSTEM GAS	0
GAS STORED - CURRENT	7,453,749
PLANT MATERIAL AND OPERATING SUPPLIES & STORES EXPENSE UNDISTRIBUTED	1,444,820
NET BOOK VALUE	2,185,198,664
ECONOMIC OBSOLESCENCE (SEE BELOW)	874,079,466
VALUE INDICATED BY COST APPROACH	1,311,119,199

CALCULATION OF ECONOMIC OBSOLESCENCE

HISTORICAL RATE OF RETURN (5 YEAR AVG.)	0.0907
CURRENT DESIRED RATE OF RETURN	0.1085
INDICATED FRACTION NON-OBSOLESCENT	0.8356
MOST RECENT RATE OF RETURN	0.0958
CURRENT DESIRED RATE OF RETURN	0.1085
INDICATED FRACTION NON-OBSOLESCENT	0.8825
PROJECTED RATE OF RETURN	0.0659
CURRENT DESIRED RATE OF RETURN	0.1085
INDICATED FRACTION NON-OBSOLESCENT	0.6073
APPRAISER'S OPINION OF FRACTION NON-OBSOLESCENT	0.6000
FRACTION OBSOLETE	0.4000
ECONOMIC OBSOLESCENCE	874,079,466

CORRELATION

INCOME INDICATOR OF VALUE	1,329,202,314
COST INDICATOR OF VALUE	1,311,119,199
CORRELATED UNIT VALUE	**1,315,000,000**
MARKET VALUE /ORIGINAL COST	0.5771
MARKET VALUE/NET BOOK VALUE	0.6018
REPLACEMENT COST NEW OF SOFTWARE	0
MARKET VALUE OF SOFTWARE	0
MARKET VALUE TO ALLOCATE	1,315,000,000
MARKET VALUE /ORIGINAL COST (EXCLUDING SOFTWARE)	0.5771
MARKET VALUE/NET BOOK VALUE (EXCLUDING SOFTWARE)	0.6018

ALLOCATION

PLANT IN SERVICE

NET PLANT IN SERVICE	1,811,654,796
NET BOOK VALUE	2,185,198,664
PERCENT TO PLANT IN SERVICE	0.8291
CORRELATED UNIT VALUE	1,315,000,000
PERCENT TO NET UTILITY PLANT	0.8291
UNIT VALUE OF PLANT IN SERVICE	1,090,210,284

TEXAS PLANT IN SERVICE

	TEXAS	TOTAL CO.	% TO TEXAS
NET PLT IN SRVC	1,811,654,796	1,811,654,796	1.0000
GRS PLT IN SRVC	1,904,925,695	1,904,925,695	1.0000
CONCLUSION			1.0000

UNIT VALUE OF PLANT IN SERVICE	1,090,210,284
PERCENT TO TEXAS	1.0000
UNIT VALUE OF TEXAS PLANT IN SERVICE	1,090,210,284

TEXAS GATHERING & TRANSMISSION PIPE

	TEXAS PIPE	TEXAS PLANT IN SERVICE	% TO PIPE
NET INVESTMENT	1,343,744,175	1,811,654,796	0.7417
GROSS INVESTMENT	1,397,895,771	1,904,925,695	0.7338
		CONCLUSION	0.7378

UNIT VALUE OF TEXAS PLANT IN SERVICE	1,090,210,284
% TO PIPE	0.7378
UNIT VALUE OF TEXAS PIPE	804,332,157
REPLACEMENT COST NEW LESS DEPRECIATION OF TEXAS PIPE	970,647,820
CORRELATED MARKET VALUE OF TEXAS PIPE	**800,000,000**
PTD's SCHEDULE 1 VALUE OF TEXAS PIPE	640,872,407
RATIO OF CORRELATED VALUE TO SCHEDULE VALUE (ENS)	1.2483

2010

DOCUMENT 9B

SAMPLE ELECTRIC IOU COMPANY

UNIT APPRAISAL

Appraiser

INCOME APPROACH

YEAR	NET OPERATING INCOME*	NET PLANT IN SERVICE*		NOI/NPIS OF PRV. YR. & CURRENT YR.
2004	68,027,209	685,658,796		
2005	61,265,796	706,760,852	1.030776	0.0894
2006	56,814,104	685,850,642	0.970414	0.0804
2007	32,745,832	732,197,728	1.067576	0.0477
2008	50,477,347	749,480,314	1.023604	0.0689
2009	46,565,398	824,721,310	1.100391	0.0621

*INCLUDES M&S AND STORED GAS.

PROJECTIONS OF NOI

MOST RECENT YEAR			46,565,398
THREE YEAR AVERGAE			43,262,859
FIVE YEAR AVERAGE			49,573,695
THREE YEAR WEIGHTED AVERGAE			45,566,120
FIVE YEAR WEIGHTED AVERAGE			47,191,192
FIVE YR. AVG. RETURN ON NPIS		0.0697	57,492,045
LINEAR REGRESSION ON NOI	CORR. COEFF. =	(0.71)	38,852,429
LIN. REGRESS. ON NOI/NPIS	CORR. COEFF. =	(0.00)	49,560,383

PROJECTED TYPICAL NET OPERATING INCOME	48,000,000
NET INCOME ATTRIBUTABLE TO CWIP (SEE P. 3)	2,258,138
TOTAL NET INCOME TO CAPITALIZE	50,258,138
CAPITALIZATION RATE	0.0994
VALUE INDICATED BY INCOME APPROACH	505,450,487

NET INCOME ATTRIBUTABLE TO
CONSTRUCTION WORK IN
PROGRESS
NOT IN THE RATE BASE

TOTAL CONSTRUCTION WORK IN PROGRESS				82,283,128
CONSTRUCTION WORK IN PROGRESS - MAINTENANCE				46,669,321
CONSTRUCTION WORK IN PROGRESS NOT IN RATE BASE				35,613,807
DISCOUNTED FOR	1	YEAR(S) AT A RATE OF :	0.0994	32,392,904
PROJECTED NET INCOME FROM CWIP				2,258,138

COST APPROACH

UTILITY PLANT	1,357,257,700
CONSTRUCTION WORK IN PROGRESS	82,283,128
TOTAL UTILITY PLANT	1,439,540,828
NET NUCLEAR FUEL	0
ACCUMULATED DEPRECIATION AND AMORTIZATION	552,521,228
NET UTILITY PLANT	887,019,600
MERCHANDISE	0
FUEL STOCK	9,645,377
PLANT MATERIAL AND OPERATING SUPPLIES	10,339,461
LIQUIFIED NATURAL GAS HELD FOR PROCESSING	0
NET BOOK VALUE	907,004,438
ECONOMIC OBSOLESCENCE (SEE BELOW)	380,941,864
VALUE INDICATED BY COST APPROACH	526,062,574

CALCULATION OF ECONOMIC OBSOLESCENCE

HISTORICAL RATE OF RETURN (5 YEAR AVG.)	0.0697
CURRENT DESIRED RATE OF RETURN	0.0994
INDICATED FRACTION NON-OBSOLESCENT	0.7011
MOST RECENT RATE OF RETURN	0.0621
CURRENT DESIRED RATE OF RETURN	0.0994
INDICATED FRACTION NON-OBSOLESCENT	0.6248
PROJECTED RATE OF RETURN	0.0582
CURRENT DESIRED RATE OF RETURN	0.0994
INDICATED FRACTION NON-OBSOLESCENT	0.5853
APPRAISER'S OPINION OF FRACTION NON-OBSOLESCENT	0.5800
FRACTION OBSOLETE	0.4200
ECONOMIC OBSOLESCENCE	380,941,864

STOCK AND DEBT APPROACH

EQUITY	
NO. SHARES	403,554,634
$ / SHARE	30.26
EQUITY VALUE	12,211,563,225
PERCENT TO COMPANY	0.0816
ALLOCATED EQUITY VALUE	995,860,423
LONG -TERM DEBT	368,964,682
TOTAL STOCK AND DEBT VALUE	1,364,825,105

CORRELATION

INCOME INDICATOR OF VALUE	505,450,487
COST INDICATOR OF VALUE	526,062,574
STOCK & DEBT INDICATOR OF VALUE	1,364,825,105
DISCOUNTED CASH FLOW INDICATOR OF VALUE	591,713,506
APPRAISER'S OPINION OF MARKET VALUE	510,000,000
MARKET VALUE /ORIGINAL COST	0.3494
MARKET VALUE/NET BOOK VALUE	0.5623
TOTAL VALUE OF TRANSMISSION AND DISTRIBUTION	343,397,389

ALLOCATION

ORIGINAL COST OF DIST. SYSTEM INCL. INVEST IN GENERAL PLANT	624,524,151
ORIGINAL COST OF TRANSMISSION SYSTEM	411,838,471
ORIGINAL COST OF PRODUCTION PLANT	295,065,069
ORIGINAL COST OF INTANGIBLE PLANT	22,895,904
TOTAL ORIGINAL COST	1,354,323,595

DISTRIBUTION PLANT

ORIGINAL COST OF DIST. SYSTEM INCL. INVEST IN GENERAL PLANT	624,524,151
ORIG. COST OF LAND AND LAND RIGHTS	1,103,824
ORIG. COST OF STRUCTURES AND IMPROVEMENTS	111,337
ORIG. COST OF STATION EQUIPMENT	74,929,157
ORIG. COST OF LAND AND LAND RIGHTS IN GENERAL PLANT	1,876,687
ORIG. COST OF STRUCTURES AND IMPROVEMENTS IN GENERAL PLANT	24,144,259
ORIGINAL COST OF INTANGIBLES	387,073
DIST. PLANT EXCL. SUBSTATIONS AND LAND	521,971,814
MARKET VALUE/ ORIGINAL COST	0.3494
MARKET VALUE OF DIST. EXCL. SUSTATIONS AND LAND	182,391,876
TOTAL METERS	192,937
MARKET VALUE PER METER	945

TRANSMISSION PLANT

ORIGINAL COST OF TRANSMISSION SYSTEM	411,838,471
ORIG. COST OF LAND AND LAND RIGHTS	11,235,765
ORIG. OF STRUCTURES AND IMPROVEMENTS	1,365,537
ORIG. COST OF STATION EQUIPMENT	189,158,884
ORIG. COST OF LAND AND LAND RIGHTS IN GENERAL PLANT	570,685
ORIG. COST OF STRUCTURES AND IMPROVEMENTS IN GENERAL PLANT	7,342,067
ORIGINAL COST OF INTANGIBLES	6,962,453
TRANS. PLANT EXCL. SUBSTATIONS AND LAND	195,203,080
MARKET VALUE/ ORIGINAL COST	0.3494
MARKET VALUE OF TRANS. EXCL. SUBSTATIONS AND LAND	68,209,538

	LINE TYPE	ORIG. COST	M.V./O.C.	MARKET VALUE	NO. MILES	MKT. VAL. PER MILE
	69 KV	73,552,521	0.3494	25,701,354	2,619.35	9,812
	138 KV	81,868,172	0.3494	28,607,080	1,458.78	19,610
	345 KV	39,801,908	0.3494	13,907,925	222.53	62,499
	115 KV	0	0.3494	0	0.00	0
	161 KV	0	0.3494	0	0.00	0
TOTALS		195,222,601		68,216,359	4,300.66	

SUBSTATIONS

ORIGINAL COST DIST. SUBSTATIONS	75,040,494
ORIGINAL COST TRANS. SUBSTATIONS	190,524,421
TOTAL ORIGINAL COST OF SUBSTATIONS	265,564,915
MARKET VALUE/ ORIGINAL COST	0.3494
MARKET VALUE OF SUBSTATIONS	92,795,975
TOTAL SUBSTATION KVA CAPACITY	9,279,606
VALUE PER KVA	10.00
Total T & D Value	343,397,389

* ACKNOWLEDGEMENT OF NEW VALUE FOR AD VREM TAXATION *

THE ABOVE LISTED NEW VALUES ARE RECOMMENDED BY TAP PRAISER FOR THE DISTRICT AND ACCEPTED BY THE AGENT/OWNER FOR THEXPAYER AS 2008 VALUES. THE AGENT/OWNER HEREBY WITHDRAWS PROTEST AND WAIVTHE RIGHT TO FURTHER NOTIFICATION OF VALUES.

TO BE VALID THIS SIGN-OFF MUST BE EXECUTED AND RRNED TO CAPITOL BY MIDNIGHT PRIOR TO YOUR ARB HEARING.

DISTRICT	CAPITOL	TAXPAYER/AGENT	BRA
Date	Date	Date	Date

APPENDIX A

DISCOUNTED CASH FLOW
2010

ASSUMPTIONS:

FIT RATE : 0.35000
DISC RATE: 0.09943
GROWTH RA 0.04355

NOI	46,565,398
Income Taxes - Federal (409.1)	10,992,511
EBFIT (NOI + INCOME TAXES)	57,557,909
Interest on Long-Term Debt (427)	19,501,675
Depreciation Expense (403)	42,404,799
UTILITY PLANT	1,357,257,700
Capital Expenditures %	3.00%
Capital Expenditures	40,717,731

(000'S)

	2009	2010	2011
EBFIT (LESS DEPREC)	57,558	60,064	62,680
INTEREST	19,502	19,502	19,502
EARN. BF. TAX	38,056	40,563	43,179
FED INC TAX	(13,320)	(14,197)	(15,112)
NET INC AFTER FIT	24,737	26,366	28,066
INTEREST	(19,502)	(19,502)	(19,502)
DEPREC	42,405	42,405	42,405
CAP EXP	(40,718)	(40,718)	(40,718)
CASH FLOW	45,925	47,555	49,255
DISC FACT	0.95371	0.86746	0.78900
P.W.	43,799	41,251	38,862

	2012	2013	2014
EBFIT (LESS DEPREC)	65,410	68,258	71,231
INTEREST	19,502	19,502	19,502
EARN. BF. TAX	45,908	48,757	51,729
FED INC TAX	(16,068)	(17,065)	(18,105)
NET INC AFTER FIT	29,840	31,692	33,624
INTEREST	(19,502)	(19,502)	(19,502)
DEPREC	42,405	42,405	42,405
CAP EXP	(40,718)	(40,718)	(40,718)
CASH FLOW	51,029	52,881	54,813
DISC FACT	0.71765	0.65274	0.59371
P.W.	36,621	34,517	32,543

	2015	2016	2017
EBFIT (LESS DEPREC)	74,333	77,570	80,948
INTEREST	19,502	19,502	19,502
EARN. BF. TAX	54,831	58,068	61,447
FED INC TAX	(19,191)	(20,324)	(21,506)
NET INC AFTER FIT	35,640	37,745	39,940
INTEREST	(19,502)	(19,502)	(19,502)
DEPREC	42,405	42,405	42,405
CAP EXP	(40,718)	(40,718)	(40,718)
CASH FLOW	56,829	58,933	61,129
DISC FACT	0.54001	0.49117	0.44675
P.W.	30,689	28,947	27,310

	2018
EARN. BF. TAX	84,473
INTEREST	19,502
EARN. BF. TAX	64,972
FED INC TAX	(22,740)
NET INC AFTER FIT	42,232
INTEREST	(19,502)
DEPREC	42,405
CAP EXP	(40,718)
CASH FLOW	63,420
DISC FACT	0.40635
P.W.	25,771

	RVRSN	TOTAL PW
EBFIT (LESS DEPREC)		
INTEREST		
EARN. BF. TAX		
FED INC TAX		
NET INC AFTER FIT		
INTEREST		
DEPREC		
CAP EXP		
CASH FLOW	618,690	
DISC FACT	0.40635	
P.W.	251,404	$ 591,714

SAMPLE TELEPHONE COMPANY

DOCUMENT 9C

1/1/10 APPRAISAL

Appraiser

CAPITOL APPRAISAL GROUP, LLC

INCOME APPROACH

	ADJUSTED NOI excludes Pension Gains & Equip Sales		NPIS		NOI/NPIS
2004	27,609,661		213,294,189		0.129444
2005	31,403,708	114%	198,144,756		0.158489
2006	31,663,733	101%	181,767,566	92%	0.174199
2007	30,279,656	96%	166,977,937	92%	0.181339
2008	34,468,837	114%	152,788,425	92%	0.225598
2009	40,010,863	116%	136,460,682	89%	0.293204
		144.92%			

1.	Prior Year	40,010,863		40,010,863
2.	Simple 3 Year Average	34,919,785		34,919,785
				31,777,005
3.	Weighted 3 Year Average	219,249,919		36,541,653
		34,007,885		
4.	Adjusted Weighted 3 Year Average	34,047,670		34,391,486
		34,053,193		
5.	Linear Regression on NOI		0.81	39,571,184
6.	Linear Regression on NOI/NPIS		(0.81)	37,606,141
7.	Typical Return on Plant			39,582,694
8	Linear regression on NOI vs. Access Lines		(0.85)	38,158,859

PROJECTION less allowance for equipment sales: 35,000,000

INCOME ATTRIBUTED TO CWIP 0

Total Income to be Capitalized 35,000,000

INCOME APPROACH

	SUBSCRIBER ACCESS LINES	
20043	167,000	
2005	162,000	97%
2006	156,489	97%
2007	151,717	97%
2008	147,248	97%
2009	139,353	95%
		83.44%

Market Value Estimate -- Income Approach

	Projection		Cap. Rate		Market Value	
Tangible NOI	27,465,176	/	0.1146	=	239,718,500	
Less V. S.	5,706,117	/	0.1146	=	49,803,501	0.16
Less DSL	1,828,707	/	0.1146	=	15,961,115	
System NOI	35,000,000	/	0.1146	=	305,483,115	

COST APPROACH

Plant in Service	$566,897,345
Construction WIP	2,998,765
Non-Op Plant	
Subtotal	569,896,110
Miscellaneous Physical Property	0
Materials and Supplies	643,038
Total Operating Property	570,539,148
Less Depreciation Reserve:	
Depreciation & Amortization Reserve	430,436,663
Amortization Reserve	0
Depreciation Reserve	0
Total Depreciation Reserves & Plant Adjustments	430,436,663
NET BOOK	140,102,485
LESS: Software @ Net	0
INDICATED OBSOLESCENCE	150,000,000
COST APPROACH INDICATOR (INCLUDING INTANGIBLES)	290,102,485
Other Intangibles (trade name from D&T Appraisal)	9,300,000
Work Force	5,000,000
Buildings	24,099,934
COST APPROACH (EXCLUDING INTANGIBLES)	251,702,551

FINAL VALUE ESTIMATE

Income Approach Estimate (Excluding Intangibles)	$239,718,500
Cost Approach Estimate (Excluding Intangibles)	251,702,551
AUS RCNLD STUDY	$240,679,972
Income Approach System (Include Intangibles)	$305,483,115
Cost Approach (Including Intangibles)	290,102,485

After careful consideration of this information, the total system value of SAMPLE COMPANY A excluding intangibles is as follows:

FINAL VALUE ESTIMATE	$240,000,000
FINAL VALUE ESTIMATE SYSTEM (Including Intangibles)	$305,483,115
MARKET VALUE TO COST	42.07%
MARKET VALUE TO NB	171.30%

* ACKNOWLEDGEMENT OF NEW VALUE FOR AD VALO

THE ABOVE LISTED NEW VALUES ARE RECOMMENDED BY THE DISTRICT AND ACCEPTED BY THE AGENT/OWNER FOR THEXTA THE AGENT/OWNER HEREBY WITHDRAWS PROTEST AND WAIVES NOTIFICATION OF VALUES.

TO BE VALID THIS SIGN-OFF MUST BE EXECUTED AND RETU BY MIDNIGHT PRIOR TO YOUR ARB HEARING.

REM TAXATION *

APPRAISER FOR THE PAYER AS 2010 VALUES. THE RIGHT TO FURTHER

RNED TO CAPITOL

District	Capitol	Taxpayer/Agent	ARB
Date	Date	Date	Date

ALLOCATION

(A)	Total System Value		$240,000,000
(B)	Texas Utility Plant in Service	$566,897,345	
(C)	System Gross Utility Plant	$566,897,345	
(D)	Texas Apportionment Factor (B)/(C)		100.00%
(E)	Texas Net Utility Plant	$140,102,485	
(F)	System Net Utility Plant	$140,102,485	
(G)	Texas Apportionment Factor (E)/(F)		100.00%
(H)	Average Apportionment Factor [(D)+(G)]/2		100.00%
		-	
(I)	Texas Value (H) * Total Market Value		$240,000,000
(J)			
(K)	Buildings & Land		$24,099,934
(L)	Total Land and Buildings (J)+(K)		$24,099,934
(M)	Original Cost		$570,539,148
(N)	Percentage Attributable to Land and Buildings (L)/(M)		4.22%
	Other Intangibles (trade name from D&T Appraisal)		9,300,000
	Work Force		5,000,000
	Value to Allocate [(I)-(I*N)]		$215,562,248
	Total Rendered Value		171,000,000
	ratio of Value to Allocate to Rendered Value		1.2606
	Ratio of Value to Allocate to Original cost		0.3782

NET OPERATING INCOME ATTRIBUTED TO CONSTRUCTION WORK IN PROGRESS

(A) Total Construction work in progress	$2,998,765
Less:	
(B) Short term plant in rate base	$0
(C) Modernization - Long term plant replacing plant in rate base	$2,998,765
(D) Construction Work in Progress not in rate base	$0
(E) Capitalization Rate	11.46%
(F) Present value of (D) discounted for one period at capitalization rate	$0
(G) Net operating income attributed to construction work in progress adjusted for 80% market penetration	$0

COST APPROACH OBSOLESCENCE

(A)	Total Net Plant In Service	$136,460,682
(B)	Required Rate of Return	11.46%
(C)	Prior 3 Year's Net Operating Income - Avg.	34,919,785
(D)	Required Net Operating Income (A)*(B)	$15,634,657
(E)	Income Shortfall (D)-(C)	($19,285,128)
(F)	Capitalization Rate	11.46%
(G)	Indicated Obsolescence	($168,322,312)

Method 2

(A)	Projected Net Operating Income	35,000,000
(B)	Total Net Plant In Service	$136,460,682
(C)	Rate of Return (A) / (B)	25.65%
(D)	Expected Rate of Return (Capitalization Rate)	11.46%
(E)	Percent Good (C)/(D)	223.86%
(F)	Percent Obsolescence Equals (100.00%) - (E)	-123.86%
(G)	Total Economic Obsolescence (B)*(F)	($169,022,433)

SAY (150,000,000)

Capital Charge - the annual return required on all corporate assets used in the
production of the economic income associated with the subject intangible asset.

Net Plant In Service	Cost of Capital		Required Return
144,624,554	11.46%	=	$ 16,570,014

Vertical Svces Revenue (VS NOI / co. exp ratio)	Total Operating Revenues	Percent of VS Revenue
14,428,016	172,550,486	8.36%

Allocated Capital Charge on Supporting Assets	$1,385,522
Estimated Vertical Services NOI	7,091,639
Vertical Services NOI Less Capital Charge	$5,706,117

2010

DOCUMENT 9D

SAMPLE ELECTRIC COOP COMPANY

UNIT APPRAISAL

Unit # 000

Appraiser

DATA YEAR: 2010

INCOME APPROACH

YEAR	NET OPERATING INCOME	NOI GROWTH	NET PLANT IN SERVICE	NPIS GROWTH	NOI/NPIS NOI - CURR YR NPIS - PRV YR
2004	4,625,201		81,787,622		
2005	5,661,681	0.2241	85,798,675	0.0490	0.0692
2006	4,748,314	-0.1613	92,154,509	0.0741	0.0553
2007	4,460,508	-0.0606	100,759,381	0.0934	0.0484
2008	4,928,287	0.1049	109,974,664	0.0915	0.0489
2009	4,458,440	-0.0953	115,898,957	0.0539	0.0405

MOST RECENT YEAR				4,458,440
THREE YEAR AVERAGE				4,615,745
FIVE YEAR AVERAGE				4,851,446
THREE YEAR WEIGHTED AVERAGE				4,615,400
FIVE YEAR WEIGHTED AVERAGE				4,703,012
FIVE YR. AVG. RETURN ON NPIS			0.0525	6,082,869
LIN. REGRESS. ON NOI	CORR. COEFF. =		(0.39)	4,183,493
LIN. REGRESS. ON NOI/NPIS	CORR. COEFF. =		(0.62)	4,261,525

PROJECTED TYPICAL NET OPERATING INCOME	3,700,000
NET INCOME ATTRIBUTABLE TO CWIP (SEE BELOW)	0
TOTAL NET INCOME TO CAPITALIZE	3,700,000
CAPITALIZATION RATE	0.1398
VALUE INDICATED BY INCOME APPROACH	26,460,653

INCOME ATTRIBUTABLE TO CONSTRUCTION WORK IN PROGRESS

CONSTRUCTION WORK IN PROGRESS			2009		0
DISCOUNTED AT:	0.1398	FOR	1	YEAR(S)	0
PROJECTED NET INCOME FROM CWIP					0

COST APPROACH

TOTAL UTILITY PLANT IN SERVICE (C1)	146,384,363
CONSTRUCTION WORK IN PROGRESS (C2)	0
TOTAL UTILITY PLANT	146,384,363
DEPRECIATION (C4)	30,485,407
NET UTILITY PLANT	115,898,957
MATERIALS & SUPPLIES (C21)	179,002
NET INVESTMENT	115,719,955
ECONOMIC OBSOLESCENCE (SEE BELOW)	89,821,691
COST APPROACH INDICATOR OF VALUE	25,898,263

CALCULATION OF ECONOMIC OBSOLESCENCE

HISTORICAL RATE OF RETURN (5 YEAR AVG.)	0.0525
CURRENT DESIRED RATE OF RETURN	0.1398
INDICATED FRACTION NON-OBSOLESCENT	0.3753
MOST RECENT RATE OF RETURN	0.0405
CURRENT DESIRED RATE OF RETURN	0.1398
INDICATED FRACTION NON-OBSOLESCENT	0.2899
PROJECTED RATE OF RETURN	0.0319
CURRENT DESIRED RATE OF RETURN	0.1398
INDICATED FRACTION NON-OBSOLESCENT	0.2283
APPRAISER'S OPINION OF FRACTION NON-OBSOLESCENT	0.2250
FRACTION OBSOLETE	0.7750
ECONOMIC OBSOLESCENCE	89,821,691

CORRELATION

INCOME APPROACH INDICATOR OF VALUE	$26,460,653
COST APPROACH INDICATOR OF VALUE	$25,898,263
APPRAISER'S OPINION OF MARKET VALUE	$26,000,000

MARKET VALUE/ ORIGINAL COST	0.1776
MARKET VALUE/ NET BOOK VALUE	0.2243

* ACKNOWLEDGEMENT OF NEW VALUE FOR AD VALOREM TAXATION *** *

THE ABOVE LISTED NEW VALUES ARE RECOMMENDED BY THE APPRAISER FOR THE DISTRICT AND ACCEPTED BY THE AGENT/OWNER FOR THE TAXPAYER AS 2010 VALUES. THE AGENT/OWNER HEREBY WITHDRAWS PROTEST AND WAIVES THE RIGHT TO FURTHER NOTIFICATION OF VALUES.

TO BE VALID THIS SIGN-OFF MUST BE EXECUTED AND RETURNED TO CAPITOL BY MIDNIGHT PRIOR TO YOUR ARB HEARING.

DISTRICT	CAPITOL	TAXPAYER/AGENT	ARB
DATE	DATE	DATE	DATE

ALLOCATION

DISTRIBUTION PLANT

ORIGINAL COST OF DISTRIBUTION SYSTEM (E14E)	122,565,286
ORIGINAL COST OF LAND AND LAND RIGHTS (E1E)	123,409
ORIGINAL COST OF STRUCTURES AND IMPROVEMENTS (E2E)	916,416
ORIGINAL COST OF STATION EQUIPMENT (E3E)	11,720,471
DIST. PLANT EXCL. SUBSTATIONS AND LAND	109,804,991
MARKET VALUE/ ORIGINAL COST	0.1776
MARKET VALUE OF DIST. EXCL. SUBSTATIONS AND LAND	19,502,969

TYPE	MARKET VALUE	NO. UNITS		MKT VAL/UNIT
METERS	19,502,969	31,056	(R10L)	$628
MI. OF LINE	19,502,969	4,217	(B6B+B7B)	$4,625

TRANSMISSION PLANT

ORIGINAL COST OF TRANSMISSION SYSTEM (E33E)	11,818,671
ORIGINAL COST OF LAND & LAND RIGHTS (E26E)	16,336
ORIGINAL COST OF STRUCTURES AND IMPROVEMENTS (E27E)	170,820
ORIGINAL COST OF STATION EQUIPMENT (E28E)	4,458,909
TRANS. PLANT EXCL. SUBSTATIONS AND LAND	7,172,606
MARKET VALUE/ ORIGINAL COST	0.1776
MARKET VALUE OF TRANS. EXCL. SUBSTATIONS AND LAND	1,273,960
MILES OF TRANSMISSION LINE (B5B)	104
MARKET VALUE PER MILE OF LINE	$12,281

SUBSTATIONS

ORIGINAL COST OF SUBSTATIONS - DIST.	12,636,887
ORIGINAL COST OF SUBSTATIONS - TRANS.	4,629,729
ORIGINAL COST OF SUBSTATIONS - TOTAL	17,266,616
MARKET VALUE/ ORIGINAL COST	0.1776
MARKET VALUE OF SUBSTATIONS	3,066,803
TOTAL SUBSTATION KVA CAPACITY	269,025
MARKET VALUE PER KVA	$11

CAP RATE

COST OF EQUITY

MODIFIED DCF - DIVIDEND YIELD	Ke = (Div/P) + G	0.1630
DIVIDEN / PRICE = ((CASH PATRONAGE + REDEMPTIONS) / TOTAL PATRONAGE CAPITAL)		0.1571
GROWTH RATE = [1 - (CASH PATRONAGE / NET INCOME)]* (NET INCOME / PATRONAGE CAPITAL)		-0.0570
GROWTH RATE - GROWTH OF NPIS		0.0724
GROWTH RATE - GROWTH OF NOI		0.0023
CALCULATED GROWTH RATE		0.0059
CASH PATRONAGE		7,000,090
REDEMPTIONS		0
TOTAL PATRONAGE CAPITAL		44,570,184
NET INCOME		4,458,440
MODIFIED DCF - EARNINGS	Ke = (E/P) + G	0.1059
NET INCOME		4,458,440
TOTAL PATRONAGE CAPITAL		44,570,184
CALCULATED GROWTH RATE		0.0059
BUILD UP METHOD	Ke = Rf + Rp + SIZE PREMIUM	0.1570
RISK FREE RATE (TREASURY)		0.0400
EQUITY RISK PREMIUM (PRATT / WASATA)		0.0550
SIZE PREMIUM (IBBITSONS)		0.0620
MODIFIED CAPM	Ke = Rf + (b * ERP)	0.1391
RISK FREE RATE (TREASURY)		0.0400
EQUITY RISK PREMIUM (PRATT / WASATA)		0.0550
BETA (SEE BELOW)		1.8024
BETA		
RETURN ON ASSETS		0.0525
S & P AVERAGE RETURN ON ASSETS		0.0946
CALCULATED BETA		1.8024
AVERAGE COST OF EQUITY		0.1413
OPINION OF COST OF EQUITY		0.1413

COST OF DEBT

ELECTRIC UTILITY BOND	0.0818
COST OF DEBT	0.0818

CAPITAL STRUCTURE

TOTAL DEBT	61,388,492
TOTAL ASSETS	133,029,617
PERCENT DEBT	0.4615
PERCENT EQUITY	0.5385

WEIGHTED COST OF CAPITAL

	CAPITAL STRUCTURE	COST	WEIGHTED COST	FLOTATION COST	ADJ WEIGHTED COST
EQUITY	0.5385	0.1413	0.0761	0.0360	0.0789
DEBT	0.4615	0.0818	0.0377	0.0150	0.0383

0 .1173

2010

DOCUMENT 9E

SAMPLE TELEPHONE COOP COMPANY

APPRAISAL

UNIT # 000

Appraiser

DATA YEAR: 2010

INCOME APPROACH

NOI PROJECTION NO. 1		
NET OPERATING REVENUES (B7B)	2009	$3,585,327
NET OPERATING REVENUES (B7B)	2008	$3,606,611
NET OPERATING REVENUES (B7B)	2007	$3,263,862
PROJECTED NET OPERATING REVENUES		$3,485,267
TYPICAL INVESTOR-OWNED TELEPHONE CO. EXPENSE RATIO		0.8100
PROJECTED EXPENSES		$2,823,066
PROJECTED NOI BASED ON TYPICAL INVESTOR-OWNED EXP. RATIO		$662,201
NOI PROJECTION NO. 2		
NET PLANT IN SERVICE 2010		$7,324,320
TYPICAL INVESTOR-OWNED TEL. CO. RETURN RATE ON NPIS		0.1010
PROJECTED NOI BASED ON INVESTOR-OWNED RETURN RATE		$739,756
NOI PROJECTION NO. 3		
NET OPERATING REVENUES (B7B)	2010	$3,585,327
TOTAL OPERATION & MAINTENANCE EXPENSE (B14B)		$2,873,408
TOTAL OPERATING TAXES (B20B)		$74,428
NET OPERATING INCOME BEFORE FED. INCOME TAXES	2010	$637,491
NET OPERATING INCOME BEFORE FED. INCOME TAXES	2009	$861,211
NET OPERATING INCOME BEFORE FED. INCOME TAXES	2008	$1,848,531
PROJECTED NOI BEFORE FEDERAL INCOME TAXES		$1,354,871
PROJECTED EFFECTIVE FEDERAL INCOME TAX RATE		0.00
PROJECTED NOI AFTER FEDERAL INCOME TAXES		$1,354,871

INCOME PROJECTIONS

NOI PROJECTION NO. 1	$739,756
NOI PROJECTION NO. 2	$739,756
NOI PROJECTION NO. 3	$1,354,871
APPRAISER'S OPINION	$900,000
INCOME ATTRIBUTABLE TO CWIP (SEE BELOW)	$0
TOTAL INCOME TO CAPITALIZE	$900,000
CAPITALIZATION RATE	0.1322
INCOME APPROACH INDICATOR OF VALUE	$6,807,893

INCOME ATTRIBUTABLE TO CONSTRUCTION WORK IN PROGRESS

CONSTRUCTION WORK IN PROGRESS				2010	$0
DISCOUNTED AT:	0.1322	FOR	1	YEAR(S)	$0
TYPICAL INVESTOR-OWNED ELECTRIC CO. RETURN RATE ON NPIS					0.1010
PROJECTED NET INCOME FROM CWIP					$0

COST APPROACH

TELECOMMUNICATIONS PLANT-IN-SERVICE (A20)	$12,539,923
PROPERTY HELD FOR FUTURE USE (A21)	$0
CONSTRUCTION WORK IN PROGRESS (A22)	$0
TOTAL UTILITY PLANT	$12,539,923
DEPRECIATION (A24)	$5,215,603
NET UTILITY PLANT	$7,324,320
MATERIALS AND SUPPLIES (A7+A8)	$200,601
NET INVESTMENT	$7,524,921
PERCENT NON-OBSOLETE (SEE BELOW)	0.9000
COST APPROACH INDICATOR OF VALUE	$6,772,429

CALCULATION OF ECONOMIC OBSOLESCENCE

RETURN RATE BASED ON NOI PROJECTION NO. 1	0.1010
CURRENT DESIRED RATE OF RETURN	0.1322
INDICATED FRACTION NON-OBSOLETE	0.7640
RETURN RATE BASED ON NOI PROJECTION NO. 2	0.1010
CURRENT DESIRED RATE OF RETURN	0.1322
INDICATED FRACTION NON-OBSOLETE	0.7640
RETURN RATE BASED ON NOI PROJECTION NO. 3	0.1850
CURRENT DESIRED RATE OF RETURN	0.1322
INDICATED FRACTION NON-OBSOLETE	1.3993
RETURN RATE BASED ON PROJECTED NOI	0.1229
CURRENT DESIRED RATE OF RETURN	0.1322
INDICATED FRACTION NON-OBSOLETE	0.9295
CO-OP'S NET PLANT / ORIG COST	0.5841
TYPICAL I.O.U. NET PLANT / ORIG COST	0.6230
CO-OP'S IOU-ADJUSTED NET PLANT / ORIG COST	0.9375
TYPICAL I.O.U. NET PLANT / MARKET VALUE	0.8250
CO-OP'S I.O.U.-ADJUSTED FRACTION NON-OBSOLETE	0.7735
TYPICAL INVESTOR-OWNED ELECTRIC PERCENT NON-OBSOLETE	0.8250
COMPTROLLER'S PERCENT NON-OBSOLETE PRIOR YEAR	1.1375
APPRAISER'S OPINION OF FRACTION NON-OBSOLESCENT	0.9000

CORRELATION

INCOME APPROACH INDICATOR OF VALUE	$6,807,893
COST APPROACH INDICATOR OF VALUE	$6,772,429
APPRAISER'S OPINION OF MARKET VALUE	$6,800,000
MARKET VALUE/ ORIGINAL COST	0.5337
MARKET VALUE/ NET BOOK VALUE	0.9037

ALLOCATION

CENTRAL OFFICE EQUIPMENT

ORIGINAL COST OF CENTRAL OFFICE SWITCHING (D2E)	$1,193,274
ORIG. COST OF OPERATOR SYSTEMS (D3E)	$0
ORIG. COST OF CENTRAL OFFICE TRANSMISSION (D4E)	$683,810
ORIGINAL COST OF CENTRAL OFFICE EQUIPMENT	$1,877,084
ALLOCATED CWIP	$0
TOTAL ORIGINAL COST	$1,877,084
MARKET VALUE/ ORIGINAL COST	0.5337
MARKET VALUE OF CENTRAL OFFICE EQUIPMENT	$1,001,856
NO. CENTRAL OFFICE EQUIPMENT ACCESS LINES (GET+GFT)	2,907
VALUE PER COE ACCESS LINE	$345

MAIN STATIONS

ORIGINAL COST OF INFOR ORIG/TERM ASSETS (D5E)	$0
ORIG. COST OF CABLE & WIRE FACILITIES (D6E)	$10,380,881
ORIGINAL COST OF OTHER TANGIBLE ASSETS (D7E)	$0
TOTAL OUTSIDE PLANT ORIGINAL COST	$10,380,881
ALLOCATED CWIP	$0
TOTAL ORIGINAL COST	$10,380,881
MARKET VALUE/ ORIGINAL COST	0.5337
MARKET VALUE OF OUTSIDE PLANT	$5,540,588
TOTAL NO. MAIN STATIONS (C4C)	2,907
MARKET VALUE PER MAIN STATION	$1,906

Document 9F

V A L U A T I O N O P I N I O N

2010 PRELIMINARY REPORT

OF

FACILITIES AT

ABC LARGE INDUSTRIY COMPANY

V A L U A T I O N S U M M A R Y

REALTY IMPROVEMENTS	17,389,600
PERSONAL PROPERTY	17,623,800
TOTAL PRESENT WORTH, EXCLUDING LAND	35,013,400

CERTIFICATION: THIS APPRAISAL IS INTENDED TO REFLECT THE FAIR MARKET VALUE OF THE REALTY IMPROVEMENTS AND PERSONAL PROPERTY FOR SUBJECT PROPERTY, EXCLUDING LAND, AS OF JANUARY 1, 2010. THIS OPINION IS TO BE USED BY OUR CLIENT, TEXAS APPRAISAL DISTRICT, ITS CHIEF APPRAISER AND A.R.B., IN THEIR CONSIDERATIONS OF MARKET VALUE FOR PURPOSES OF AD VALOREM TAXATION. OWNERSHIP AND SITUS ARE NOT ASSURED.

APPRAISED BY:

APPRAISER, ENGR.
CAPITOL APPRAISAL GROUP, LLC

PRINTED: 10/08/10 12:04:10

ABC LARGE INDUSTRIY COMPANY
2010 PRELIMINARY REPORT

REALTY IMPROVEMENTS VALUATION SUMMARY

CATEGORY	REPLACEMENT COST	VALUATION FACTOR	PRESENT WORTH
1. PROCESS GROUP	49,590,000	.194	9,598,100
2. UTILITIES	19,340,100	.183	3,539,500
3. RECEIVING, SHIPPING, AND STORAGE	6,942,600	.182	1,261,400
4. SERVICE FACILITIES.	11,681,200	.184	2,144,400
5. GENERAL BUILDINGS	4,408,000	.192	846,200
6. OFF SITE FACILITIES			
7. RESEARCH AND DEVELOPMENT			
SUB-TOTAL	91,961,900		17,389,600
8. CONSTR. IN PROGRESS			
9. OUT OF SERVICE	22,040,000	.000	
10. NEW UNITS			
SUB-TOTAL	22,040,000		
IMPROVEMENTS TOTAL	114,001,900		17,389,600

ABC LARGE INDUSTRIY COMPANY
2010 PRELIMINARY REPORT

PERSONAL PROPERTY VALUATION SUMMARY

CATEGORY	REPLACEMENT COST	VALUATION FACTOR	PRESENT WORTH
1. AUTOS & TRUCKS	2,360,000	.430	1,014,800
2. FF&E	250,000	.485	121,300
3. COMPUTERS	150,000	.143	21,500
4. SUPPLIES & PARTS	1,026,000	.750	769,500
5. MOB MACH/TOOLS	327,800	.600	196,700
6. INVENTORY	15,500,000	1.000	15,500,000
PERSONAL PROPERTY	19,613,800		17,623,800

ABC LARGE INDUSTRIY COMPANY
2010 PRELIMINARY REPORT

THE OPERABLE FACILITY HAS A SERVICE LIFE OF 27.8 YEARS AND THE DOLLAR AVERAGE REMAINING LIFE IS 1.1 YEARS THE ESTIMATED INTEREST RATE FOR AN INVESTMENT IN THIS TYPE OF PLANT IS 8.6%. NORMALLY, A PLANT IN THIS RANGE OF INVESTMENT WOULD BE LOCATED ON A SITE VALUED AT $ 8,110,000.

VALUATION SUMMARY

TYPE VALUE	VALUE	CONSIDERATION
REPLACEMENT	114,001,900	
PHYSICAL	39,900,600	74,101,300
FUNCTIONAL	21,733,500	18,167,100
LOC & EXT OBSO	17,389,600	4,343,900

THE PERSONAL PROPERTY INDEXES FOR THIS PLANT ARE:

	CLASSIFICATION	I	B	F
1.	AUTOS & TRUCKS	2.3600	1,000.0000	.4300
2.	FF&E	.2500	1,000.0000	.4850
3.	COMPUTERS	.1500	1,000.0000	.1430
4.	SUPPLIES & PARTS	1.2000	.7500	.7500
5.	MOB MACH/TOOLS	1.1500	.2500	.6000
6.	INVENTORY	15.5000	1,000.0000	1.0000
	PROCESS UNITS	20.0000	20.0000	.0000
	OVERALL PLANT FACTORS 123-999		1.0000	1.1020
				.8000

DOCUMENT 9G

OIL LSE Sample #1-Smaller

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MAP111                          C A P I T O L   A P P R A I S A L   G R O U P ,   I N C .
10/06/10  13.55                          DETAILED MINERAL APPRAISAL                          PAGE    1
                                      INCOME APPROACH: DNCF TECHNIQUE

CLIENT: 777 SAMPLE COUNTY APPR DIST         RRC: 99 777011  WELL:         PRIMARY PRODUCT: OIL          APPRAISAL AS OF: 10/01/01

FIELD (RES):  99999 999                                     COUNTY: 777
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3
LEASE NAME:   A E SMITH                                     COMMENT: SAMPLE OIL LSE #1-SML            MODIFICATION USER: CHAR

HISTORICAL PRODUCTION:

          DATE OF FIRST PRODUCTION: 41/10/01

          ----------------------RAILROAD COMMISSION PRODUCTION----------------------
           DATE     OIL (BBL)     GAS (MCF) WATER(E)-B/D %WC-WT   FLOW   LIFT  WELLS
          ----- ------------- ------------- ------------ ------ ------ ------ ------
          PRIOR       1123821           162
           1999         16133                                                 6      6
           2000         14603                                                 6      6
           2001         13668                                                 6      6
           2002         10161                                                 6      6
           2003          9016                                                 5      5
           2004          7720                                                 5      5
           2005          8922                                                 5      5
           2006          9071                                                 5      5
           2007         11892                                                 5      5
           2008         13024                                                 5      5

            JAN           949                                                 5      5
            FEB           673                                                 5      5
            MAR          1115                                                 5      5
            APR          1063                                                 5      5
            MAY          1003                                                 5      5
            JUN           936                                                 5      5
            JUL           841                                                 6      6
            AUG           577                                                 6      6
            SEP           791                                                 6      6
            OCT           924                                                 7      7
            NOV           855                                                 7      7
            DEC          1400                                                 7      7
           2009         11127                                                 7      7

          TOTAL       1249158           162

PROJECTION PARAMETERS:

          PROJECTION DATE:         11/01/01     LIMIT DATE:              00/00/00
          ANNUAL OIL PRODUCTION:      11127     OIL RESERVE LIMIT:
          ANNUAL GAS PRODUCTION:                GAS RESERVE LIMIT:
          NUMBER OF PRODUCING WELLS:      7     NUMBER OF INJECTION WELLS:      1

DECLINE PARAMETERS:

          ----CALCULATED PARAMETERS-----     -----APPRAISER PARAMETERS-----

                        OIL       GAS     P START-RATE DECL-% N-FACT MOS
                     --------- ---------  - ---------- ------ ------ ---
          DATE:       07/07/01  07/07/01  O       45.0  25.00         12
          DAILY-A:        30.5            B             15.00
          DECL-%:        35.53     35.53
          N-FACT:


          SECONDARY PRODUCT RATIO:          SECONDARY PRODUCT RATIO:
```

CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777011 WELL: PRIMARY PRODUCT: OIL APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: A E SMITH COMMENT: SAMPLE OIL LSE #1-SML MODIFICATION USER: CHAR

ECONOMIC PARAMETERS:

OIL PRICE:	94.09	PRODUCING WELLS:	7	BASE DISCOUNT RATE:	1.1300
OIL GRAVITY:	28.0	INJECTION WELLS:	1	AD VALOREM TAX BURDEN:	2.00
OIL GRAVITY ADJUSTMENT:		DEPTH:	2600	ECONOMIC LIFE:	19
GAS PRICE:	10.04	OPERATING COST ($/WELL):	6378	P-TO-I (7/8-1/8):	4.7 4.8
GAS PRICE PARITY:	1.00	*** SECTION 22.27 RESTRICTION ***		PAYOUT (7/8-1/8):	4.7 4.8
		EQUIPMENT COST ($/WELL):	8269	R/P RATIO (OIL-GAS):	6.0

CASH FLOW ANALYSIS:

START	-----PRODUCTION-----		------PRODUCT PRICES-----				-7/8 REVENUE(M$)-		---OP COST(M$)---		--UNDISC INCOME--		--DISCOUNTED INCOME--	
DATE	OIL (BBL)	GAS (MCF)	OIL	NET	GAS	NET	OIL	GAS	DIRECT	CAP EXP	7/8(M$)	1/8(M$)	7/8($)	1/8($)
10/01/01	14275		35.19	33.57	6.06	5.61	419		45		375	60	349376	55858
11/01/01	11372		40.69	38.82	6.61	6.11	386		42		344	55	278830	44746
12/01/01	9669		50.59	48.26	7.49	6.93	408		42		366	58	257988	41128
13/01/01	8239		65.98	62.94	8.26	7.64	454		45		409	65	250900	39744
14/01/01	6984		74.78	71.34	9.36	8.66	436		46		390	62	207980	33205
15/01/01	5938		83.57	79.73	10.46	9.68	414		47		367	59	170153	27437
16/01/01	5045		92.37	88.12	10.94	10.12	389		49		340	56	137204	22403
17/01/01	4301		101.61	96.94	11.24	10.40	365		50		315	52	110322	18270
18/01/01	3645		105.67	100.81	11.53	10.67	322		52		270	46	82274	14002
19/01/01	3097		108.84	103.83	11.81	10.92	281		53		228	40	60487	10655
20/01/01	2635		111.56	106.43	12.09	11.18	245		55		191	35	43937	8080
21/01/01	2245		113.79	108.56	12.36	11.43	213		56		157	30	31436	6106
22/01/01	1902		114.93	109.64	12.62	11.67	182		58		124	26	21675	4543
23/01/01	1617		116.08	110.74	12.87	11.90	157		60		97	22	14676	3392
24/01/01	1374		117.24	111.85	13.11	12.13	134		62		73	19	9598	2532
25/01/01	1173		118.41	112.96	13.34	12.34	116		63		52	17	6010	1898
26/01/01	993		119.59	114.09	13.56	12.54	99		65		34	14	3361	1411
27/01/01	844		120.79	115.23	13.77	12.74	85		67		18	12	1537	1053
28/01/01	718		122.00	116.39	13.97	12.92	73		69		4	10	282	787
	86066		<====== SUB-TOTAL ======>				5180		1027		4153	740	2038026	337250
	86066		<====== TOTAL ======>				5180		1027		4153	740	2038026	337250
							EQUIPMENT ADJUSTMENT:				58		3793	
							VALUE AT BASE DISCOUNT RATE:						2041819	337250
							VALUE AT MAF ADJUSTMENT:	94/90					1919309	317015
							SECTION 23.175 VALUE:						1764393	288734
							TOTAL APPRAISED VALUE:						1764393	288734
							AVERAGE ANNUAL ROR:				20		20	

	IN PLACE	DAILY AVG
7/8 $/BBL:	23.43	44810
7/8 $/MCF:		
7/8 $/BOE:	23.43	44810

DIVISION ORDER TOTAL WORKING INTEREST & VALUE: .825000 1648900
*** SECTION 22.27 RESTRICTION ***

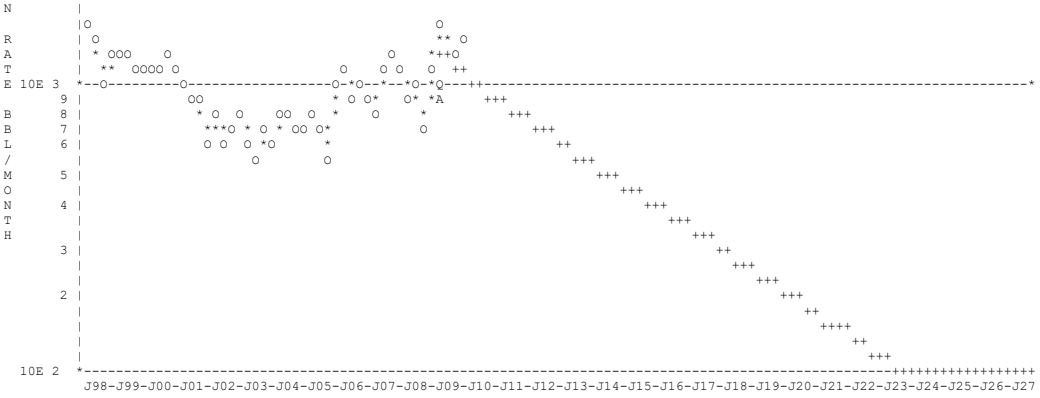
JURISDICTIONS:

SAMPLE COUNTY	1.0000
SAMPLE ISD	1.0000

CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777011 WELL: PRIMARY PRODUCT: OIL APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: A E SMITH COMMENT: SAMPLE OIL LSE #1-SML MODIFICATION USER: CHAR

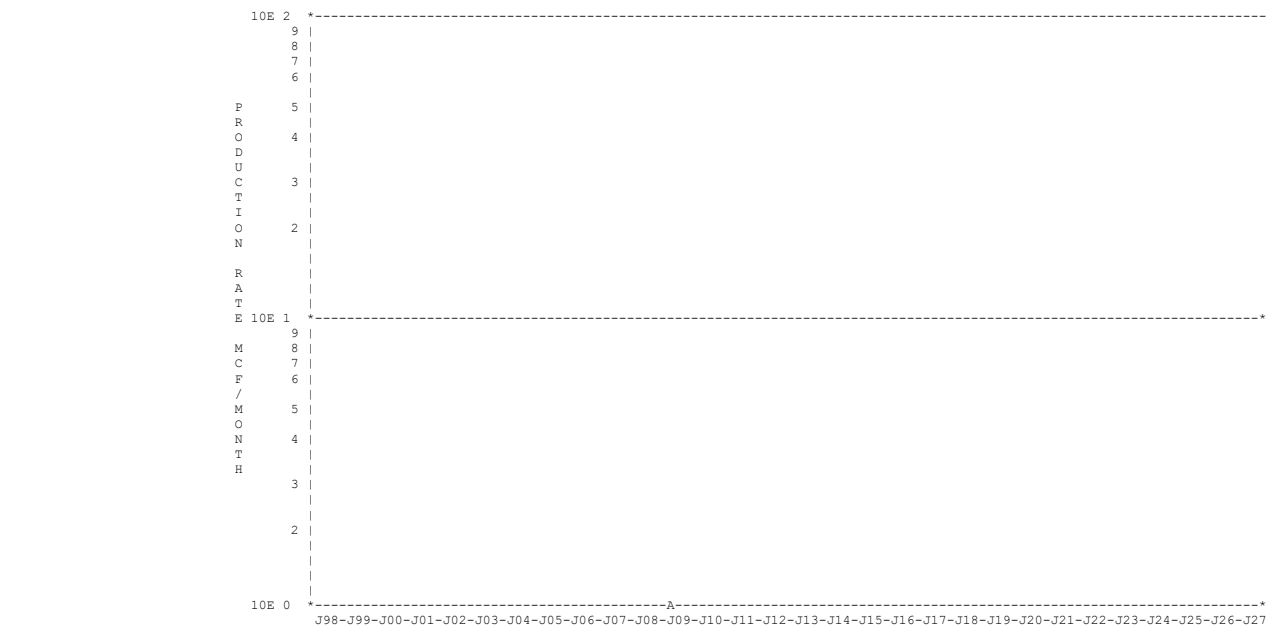
DATE	OIL(BBL)	GAS(MCF)	WLS	-- 2009 MONTHLY PRODUCTION --				CALC DECLINE:	OIL	GAS	-- 2010 MONTHLY PRODUCTION --			
PRIOR	1123821	162		MON	OIL(BBL)	GAS(MCF)	WLS	DATE:	07/07/01	07/07/01	MON	OIL(BBL)	GAS(MCF)	WLS
1999	16133		6	JAN	949		5	DAILY-A:	30.5		JAN	1544		7
2000	14603		6	FEB	673		5	DECL-%:	35.53	35.53	FEB	1484		7
2001	13668		6	MAR	1115		5	N-FACT:			MAR	1478		7
2002	10161		6	APR	1063		5	----- APPRAISER DECLINE ------			APR	1296		7
2003	9016		5	MAY	1003		5	P START-RATE DECL-% N-FACT MOS			MAY	1326		7
2004	7720		5	JUN	936		5	O 45.0 25.00 12			JUN	1227		7
2005	8922		5	JUL	841		6	B 15.00			JUL	1267		7
2006	9071		5	AUG	577		6				AUG	1268		7
2007	11892		5	SEP	791		6				SEP	1352		7
2008	13024		5	OCT	924		7				OCT	1440		7
2009	11127		7	NOV	855		7				NOV			
2010	13682			DEC	1400		7				DEC			



CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777011 WELL: PRIMARY PRODUCT: OIL APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: A E SMITH COMMENT: SAMPLE OIL LSE #1-SML MODIFICATION USER: CHAR

DATE	OIL(BBL)	GAS(MCF)	WLS	-- 2009 MONTHLY PRODUCTION --			CALC DECLINE:	OIL	GAS	-- 2010 MONTHLY PRODUCTION --			
PRIOR	1123821	162		MON	OIL(BBL)	GAS(MCF)	WLS	DATE:	07/07/01	07/07/01	MON	OIL(BBL)	GAS(MCF)	WLS
1999	16133		6	JAN	949		5	DAILY-A:	30.5		JAN	1544		7
2000	14603		6	FEB	673		5	DECL-%:	35.53	35.53	FEB	1484		7
2001	13668		6	MAR	1115		5	N-FACT:			MAR	1478		7
2002	10161		6	APR	1063		5	----- APPRAISER DECLINE ------			APR	1296		7
2003	9016		5	MAY	1003		5	P START-RATE DECL-% N-FACT MOS			MAY	1326		7
2004	7720		5	JUN	936		5	O 45.0	25.00	12	JUN	1227		7
2005	8922		5	JUL	841		6	B	15.00		JUL	1267		7
2006	9071		5	AUG	577		6				AUG	1268		7
2007	11892		5	SEP	791		6				SEP	1352		7
2008	13024		5	OCT	924		7				OCT	1440		7
2009	11127		7	NOV	855		7				NOV			
2010	13682			DEC	1400		7				DEC			



DOCUMENT 9H

OIL LSE Sample #2-Larger

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MAP111                         C A P I T O L   A P P R A I S A L   G R O U P ,   I N C .
10/06/10  13.55                          DETAILED MINERAL APPRAISAL                              PAGE    1
                                       INCOME APPROACH: DNCF TECHNIQUE

CLIENT: 777 SAMPLE COUNTY APPR DIST        RRC: 99 777002  WELL:        PRIMARY PRODUCT: OIL           APPRAISAL AS OF: 10/01/01

FIELD (RES):  99999 999                                    COUNTY: 777                                MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3                                                   MODIFICATION TIME:
LEASE NAME:   HUGH KELKER                                  COMMENT: OIL SAMPLE #2 --LG                MODIFICATION USER: CHAR

HISTORICAL PRODUCTION:

          DATE OF FIRST PRODUCTION: 48/06/01
```

----------------------RAILROAD COMMISSION PRODUCTION----------------------							
DATE	OIL (BBL)	GAS (MCF)	WATER(E)-B/D	%WC-WT	FLOW	LIFT	WELLS
PRIOR	16008540	3803197					
1999	46797	24076	94965	67	1	4	5
2000	32629	12793	77798	70	1	5	6
2001	31256	13091	33968	52	1	5	6
2002	28777	12535	31046	52	1	5	6
2003	26339	12354	24472	48	1	5	6
2004	27390	13510	31046	53	1	5	6
2005	28852	13754	33238	54	1	5	6
2006	29559	12400	23741	45	1	5	6
2007	20790	11571	1461	7	1	5	6
2008	22477	11550	2557	10	1	5	6
JAN	1694	869			1	5	6
FEB	1541	861			1	5	6
MAR	1566	809			1	5	6
APR	1504	931			1	5	6
MAY	2439	1565			1	5	6
JUN	1875	1169	3	1	1	5	6
JUL	1815	972	8	1	1	5	6
AUG	1932	1214			1	5	6
SEP	1999	740	69	2	1	5	6
OCT	2133	668	13	1	1	5	6
NOV	2446	1210			1	5	6
DEC	3162	1751			1	5	6
2009	24106	12759	33968	58	1	5	6
TOTAL	16327512	3953590					

```
           PROJECTION PARAMETERS:

PROJECTION DATE:         11/01/01     LIMIT DATE:               00/00/00
ANNUAL OIL PRODUCTION:      24106     OIL RESERVE LIMIT:
ANNUAL GAS PRODUCTION:      12759     GAS RESERVE LIMIT:
NUMBER OF PRODUCING WELLS:      6     NUMBER OF INJECTION WELLS:

DECLINE PARAMETERS:

----CALCULATED PARAMETERS-----     -----APPRAISER PARAMETERS-----

               OIL       GAS       P START-RATE DECL-% N-FACT MOS
           --------- ---------     - ---------- ------ ------ ---
DATE:       98/01/01  98/01/01     O       75.0   6.00
DAILY-A:        66.0      34.9
DECL-%:         6.06      6.06
N-FACT:

SECONDARY PRODUCT RATIO:   529     SECONDARY PRODUCT RATIO:
```

CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777002 WELL: PRIMARY PRODUCT: OIL APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: HUGH KELKER COMMENT: OIL SAMPLE #2 --LG MODIFICATION USER: CHAR

ECONOMIC PARAMETERS:		PRODUCING WELLS:	6	BASE DISCOUNT RATE:	1.1300
OIL PRICE:	94.09	INJECTION WELLS:		AD VALOREM TAX BURDEN:	2.00
OIL GRAVITY:	43.0	DEPTH:	8545	ECONOMIC LIFE:	42
OIL GRAVITY ADJUSTMENT:		OPERATING COST ($/WELL):	15076	P-TO-I (7/8-1/8):	8.0 7.8
GAS PRICE:	10.04	*** SECTION 22.27 RESTRICTION ***		PAYOUT (7/8-1/8):	5.8 5.8
GAS PRICE PARITY:	1.00	EQUIPMENT COST ($/WELL):	14095	R/P RATIO (OIL-GAS):	15.4 15.3

CASH FLOW ANALYSIS:

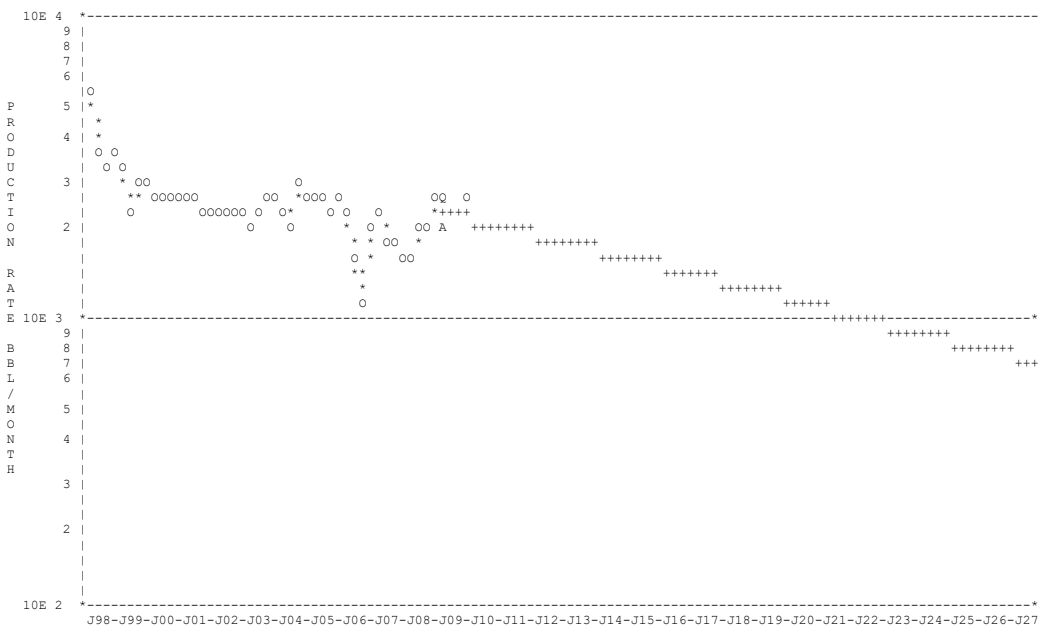
START	-----PRODUCTION-----		------PRODUCT PRICES-----				-7/8 REVENUE(M$)-		---OP COST(M$)---		--UNDISC INCOME--		--DISCOUNTED INCOME--	
DATE	OIL (BBL)	GAS (MCF)	OIL	NET	GAS	NET	OIL	GAS	DIRECT	CAP EXP	7/8(M$)	1/8(M$)	7/8($)	1/8($)
10/01/01	26546	12349	35.19	33.57	6.06	5.61	780	61	90		750	120	699302	111950
11/01/01	24954	11601	40.69	38.82	6.61	6.11	848	62	86		824	130	667928	105372
12/01/01	23458	10898	50.59	48.26	7.49	6.93	991	66	86		971	151	684464	106436
13/01/01	22110	10266	65.98	62.94	8.26	7.64	1218	69	90		1196	184	733343	112666
14/01/01	20726	9617	74.78	71.34	9.36	8.66	1294	73	93		1274	195	679092	104091
15/01/01	19484	9032	83.57	79.73	10.46	9.68	1359	77	96		1340	205	621275	95094
16/01/01	18316	8487	92.37	88.12	10.94	10.12	1412	75	99		1389	212	559896	85663
17/01/01	17263	7995	101.61	96.94	11.24	10.40	1464	73	102		1435	220	503230	76976
18/01/01	16181	7489	105.67	100.81	11.53	10.67	1427	70	105		1393	214	424524	65202
19/01/01	15213	7037	108.84	103.83	11.81	10.92	1382	67	108		1342	207	355631	54884
20/01/01	14299	6610	111.56	106.43	12.09	11.18	1332	65	111		1285	199	296263	45977
21/01/01	13477	6226	113.79	108.56	12.36	11.43	1280	62	114		1228	192	246164	38439
22/01/01	12634	5831	114.93	109.64	12.62	11.67	1212	60	118		1154	182	201108	31661
23/01/01	11877	5479	116.08	110.74	12.87	11.90	1151	57	121		1087	173	164689	26152
24/01/01	11165	5148	117.24	111.85	13.11	12.13	1093	55	125		1022	164	134748	21601
25/01/01	10522	4848	118.41	112.96	13.34	12.34	1040	52	129		964	156	110439	17883
26/01/01	9863	4543	119.59	114.09	13.56	12.54	985	50	133		902	148	89881	14727
27/01/01	9272	4267	120.79	115.23	13.77	12.74	935	48	136		846	140	73304	12162
28/01/01	8716	4009	122.00	116.39	13.97	12.92	888	45	141		792	133	59707	10043
29/01/01	8215	3775	123.22	117.55	14.16	13.10	845	43	145		743	127	48712	8314
	314291	145507	<====== SUB-TOTAL ======>				22934	1228	2226		21937	3452	7353700	1145293
	95511	43638	<====== REMAINING ======>				10773	553	4554		6772	1618	196637	38698
	409802	189145	<====== TOTAL ======>				33707	1782	6780		28709	5070	7550337	1183991
							EQUIPMENT ADJUSTMENT:				85		223	
							VALUE AT BASE DISCOUNT RATE:						7550560	1183991
							VALUE AT MAF ADJUSTMENT:		00/00				7550560	1183991
		IN PLACE	DAILY AVG				SECTION 23.175 VALUE:						6026555	940986
7/8 $/BBL:		15.87	86710				TOTAL APPRAISED VALUE:						6026555	940986
7/8 $/MCF:		2.03	11011											
7/8 $/BOE:		15.57	85013				AVERAGE ANNUAL ROR:			20		20		
							DIVISION ORDER TOTAL WORKING INTEREST & VALUE:				.825000		5650160	
											*** SECTION 22.27 RESTRICTION ***			

JURISDICTIONS:	SAMPLE COUNTY	1.0000			
	SAMPLE ISD	1.0000			

CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777002 WELL: PRIMARY PRODUCT: OIL APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: HUGH KELKER COMMENT: OIL SAMPLE #2 --LG MODIFICATION USER: CHAR

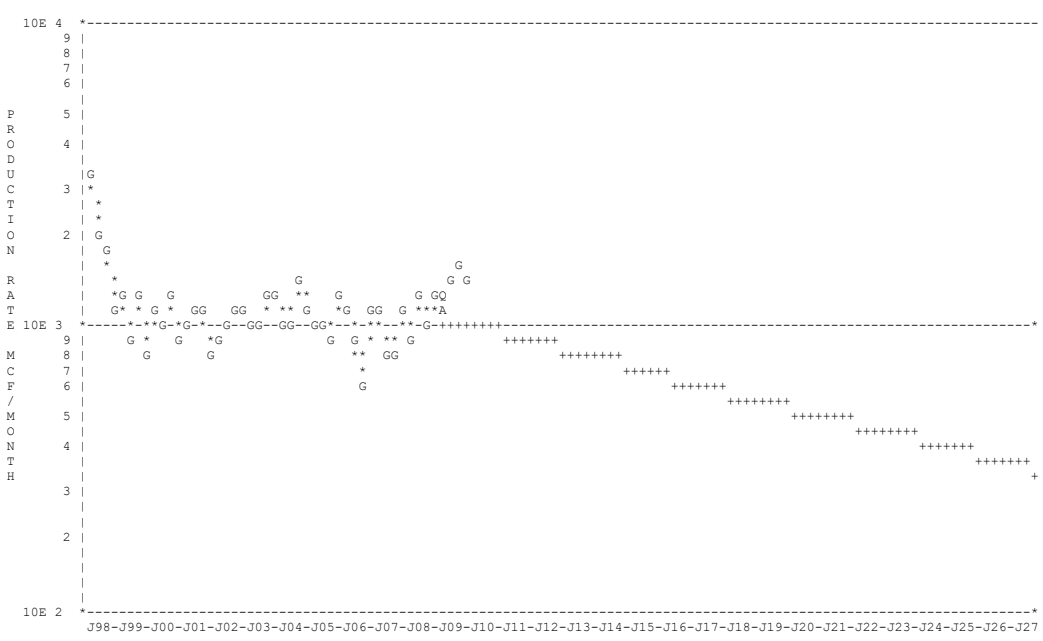
DATE	OIL(BBL)	GAS(MCF)	WLS	-- 2009 MONTHLY PRODUCTION --				CALC DECLINE:	OIL	GAS	-- 2010 MONTHLY PRODUCTION --			
PRIOR	16008540	3803197		MON	OIL(BBL)	GAS(MCF)	WLS	DATE:	98/01/01	98/01/01	MON	OIL(BBL)	GAS(MCF)	WLS
1999	46797	24076	5	JAN	1694	869	6	DAILY-A:	66.0	34.9	JAN	2829	1655	6
2000	32629	12793	6	FEB	1541	861	6	DECL-%:	6.06	6.06	FEB	2189	1328	6
2001	31256	13091	6	MAR	1566	809	6	N-FACT:			MAR	2309	787	6
2002	28777	12535	6	APR	1504	931	6	----- APPRAISER DECLINE ------			APR	2623	1438	6
2003	26339	12354	6	MAY	2439	1565	6	P START-RATE DECL-% N-FACT MOS			MAY	2364	1359	6
2004	27390	13510	6	JUN	1875	1169	6	O 75.0 6.00			JUN	2114	1269	6
2005	28852	13754	6	JUL	1815	972	6				JUL	2271	1723	6
2006	29559	12400	6	AUG	1932	1214	6				AUG	2336	1439	6
2007	20790	11571	6	SEP	1999	740	6				SEP	2120	1495	6
2008	22477	11550	6	OCT	2133	668	6				OCT	2539	1403	6
2009	24106	12759	6	NOV	2446	1210	6				NOV			
2010	23694	13896		DEC	3162	1751	6				DEC			



CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777002 WELL: PRIMARY PRODUCT: OIL APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: HUGH KELKER COMMENT: OIL SAMPLE #2 --LG MODIFICATION USER: CHAR

DATE	OIL(BBL)	GAS(MCF)	WLS	-- 2009 MONTHLY PRODUCTION --				CALC DECLINE:	OIL	GAS	-- 2010 MONTHLY PRODUCTION --			
PRIOR	16008540	3803197		MON	OIL(BBL)	GAS(MCF)	WLS	DATE:	98/01/01	98/01/01	MON	OIL(BBL)	GAS(MCF)	WLS
1999	46797	24076	5	JAN	1694	869	6	DAILY-A:	66.0	34.9	JAN	2829	1655	6
2000	32629	12793	6	FEB	1541	861	6	DECL-%:	6.06	6.06	FEB	2189	1328	6
2001	31256	13091	6	MAR	1566	809	6	N-FACT:			MAR	2309	787	6
2002	28777	12535	6	APR	1504	931	6	----- APPRAISER DECLINE ------			APR	2623	1438	6
2003	26339	12354	6	MAY	2439	1565	6	P START-RATE DECL-% N-FACT MOS			MAY	2364	1359	6
2004	27390	13510	6	JUN	1875	1169	6	O 75.0 6.00			JUN	2114	1269	6
2005	28852	13754	6	JUL	1815	972	6				JUL	2271	1723	6
2006	29559	12400	6	AUG	1932	1214	6				AUG	2336	1439	6
2007	20790	11571	6	SEP	1999	740	6				SEP	2120	1495	6
2008	22477	11550	6	OCT	2133	668	6				OCT	2539	1403	6
2009	24106	12759	6	NOV	2446	1210	6				NOV			
2010	23694	13896		DEC	3162	1751	6				DEC			



DOCUMENT 9I

GAS LSE Sample #1-Smaller

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MAP111                              C A P I T O L   A P P R A I S A L   G R O U P ,   I N C .
10/06/10  13.53                          DETAILED MINERAL APPRAISAL                          PAGE    1
                                    INCOME APPROACH: DNCF TECHNIQUE

CLIENT: 777 SAMPLE COUNTY APPR DIST         RRC: 99 777004  WELL:         PRIMARY PRODUCT: GAS          APPRAISAL AS OF: 10/01/01

FIELD (RES):  99999 999                                     COUNTY: 777                           MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3                                               MODIFICATION TIME:
LEASE NAME:   LAZY LINDA                                    COMMENT: SAMPLE GAS LSE-SML           MODIFICATION USER: CHAR

HISTORICAL PRODUCTION:

         DATE OF FIRST PRODUCTION: 86/12/01

         ----------------------RAILROAD COMMISSION PRODUCTION----------------------
          DATE     OIL (BBL)     GAS (MCF)  WATER (B/D)    FTP   FLOW   LIFT  WELLS
         ----- ------------- ------------- ------------ ------ ------ ------ ------
         PRIOR         98202      14147992
          1999          1476        378102           12    900      1              1
          2000          6717       1139201           30    950      1              1
          2001          6618       1218292           30    550      1              1
          2002          6678       1138126           40    380      1              1
          2003          5675        935663           29    252      1              1
          2004          4269        795303           51    240      1              1
          2005          2876        601597           40    250      1              1
          2006          2231        598200           56    100      1              1
          2007          1349        477221                140      1              1
          2008          1223        472678           37     80      1              1

           JAN            22         29304                           1              1
           FEB           197         36798                           1              1
           MAR           156         38188                           1              1
           APR           292         39689                           1              1
           MAY            84         40934                           1              1
           JUN           167         36969                           1              1
           JUL           162         42031                           1              1
           AUG           134         29926                           1              1
           SEP            90         10870                           1              1
           OCT
           NOV            63         12018           13     60      1              1
           DEC           228         47049                           1              1
           2009         1595        363776           13     60      1              1

         TOTAL        138909      22266151

PROJECTION PARAMETERS:

         PROJECTION DATE:         11/01/01     LIMIT DATE:              00/00/00
         ANNUAL OIL PRODUCTION:       1595     OIL RESERVE LIMIT:
         ANNUAL GAS PRODUCTION:     363776     GAS RESERVE LIMIT:        1750000
         NUMBER OF PRODUCING WELLS:      1     NUMBER OF INJECTION WELLS:

DECLINE PARAMETERS:

         ----CALCULATED PARAMETERS-----     -----APPRAISER PARAMETERS-----

                         OIL       GAS     P START-RATE DECL-% N-FACT MOS
                    --------- ---------     - ---------- ------ ------ ---
         DATE:       00/01/01  00/01/01     G     1250.0  15.00
         DAILY-A:         4.8    1086.5
         DECL-%:        14.07     14.07
         N-FACT:


         SECONDARY PRODUCT RATIO:     4     SECONDARY PRODUCT RATIO:
```

CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777004 WELL: PRIMARY PRODUCT: GAS APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: LAZY LINDA COMMENT: SAMPLE GAS LSE-SML MODIFICATION USER: CHAR

ECONOMIC PARAMETERS:		PRODUCING WELLS:	1	BASE DISCOUNT RATE:	1.1300
OIL PRICE:	106.29	INJECTION WELLS:		AD VALOREM TAX BURDEN:	2.00
OIL GRAVITY:	51.0	DEPTH:	11000	ECONOMIC LIFE:	7
OIL GRAVITY ADJUSTMENT:		OPERATING COST ($/WELL):	20285	P-TO-I (7/8-1/8):	3.5 3.5
GAS PRICE:	10.00	*** SECTION 22.27 RESTRICTION ***		PAYOUT (7/8-1/8):	3.8 3.8
GAS PRICE PARITY:	1.00	EQUIPMENT COST ($/WELL):	7882	R/P RATIO (OIL-GAS):	4.7 4.5

CASH FLOW ANALYSIS:

START	-----PRODUCTION-----		------PRODUCT PRICES-----				-7/8 REVENUE(M$)-		---OP COST(M$)---		--UNDISC INCOME--		--DISCOUNTED INCOME--	
DATE	OIL (BBL)	GAS (MCF)	OIL	NET	GAS	NET	OIL	GAS	DIRECT	CAP EXP	7/8(M$)	1/8(M$)	7/8($)	1/8($)
10/01/01	1625	421127	39.75	37.92	6.04	5.59	54	2060	20		2093	302	1952171	281584
11/01/01	1396	357998	45.97	43.86	6.59	6.10	54	1911	19		1945	281	1577245	227553
12/01/01	1200	304332	57.16	54.53	7.47	6.91	57	1840	19		1878	271	1324229	191118
13/01/01	1035	259364	74.55	71.12	8.24	7.62	64	1729	20		1773	256	1087387	157113
14/01/01	888	219831	84.49	80.60	9.34	8.64	63	1662	21		1704	246	908352	131352
15/01/01	762	186877	94.43	90.09	10.44	9.66	60	1580	21		1618	234	750219	108596
16/01/01	656	158864	104.37	99.57	10.92	10.10	57	1404	22		1439	209	580130	84150

	7562	1908393	<====== SUB-TOTAL ======>				409	12185	143		12451	1799	8179733	1181466
	7562	1908393	<====== TOTAL ======>				409	12185	143		12451	1799	8179733	1181466
							EQUIPMENT ADJUSTMENT:				8		2763	
							VALUE AT BASE DISCOUNT RATE:						8182496	1181466
							VALUE AT MAF ADJUSTMENT:		90/90				7364247	1063319
		IN PLACE	DAILY AVG				SECTION 23.175 VALUE:						7424498	1071908
	7/8 $/BBL:	34.69	54658				TOTAL APPRAISED VALUE:						7364247	1063319
	7/8 $/MCF:	4.27	6523											
	7/8 $/BOE:	28.37	43340				AVERAGE ANNUAL ROR:			20		20		
							DIVISION ORDER TOTAL WORKING INTEREST & VALUE:				.825000		6938920	

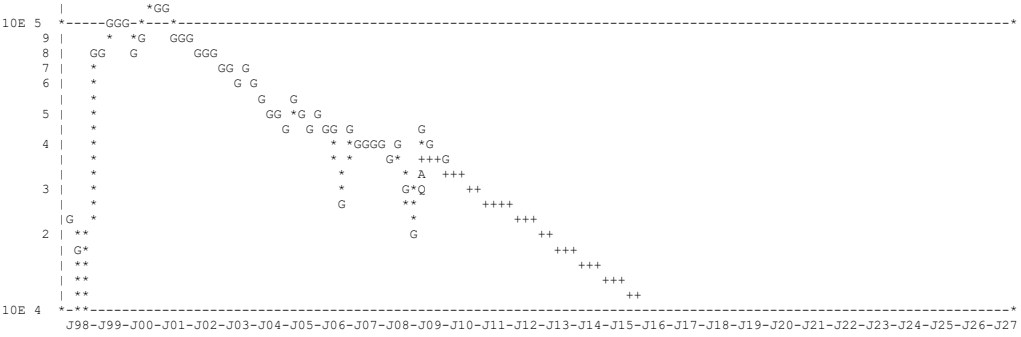
*** SECTION 22.27 RESTRICTION ***

JURISDICTIONS:	SAMPLE COUNTY	1.0000			
	SAMPLE ISD	1.0000			

CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777004 WELL: PRIMARY PRODUCT: GAS APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: LAZY LINDA COMMENT: SAMPLE GAS LSE-SML MODIFICATION USER: CHAR

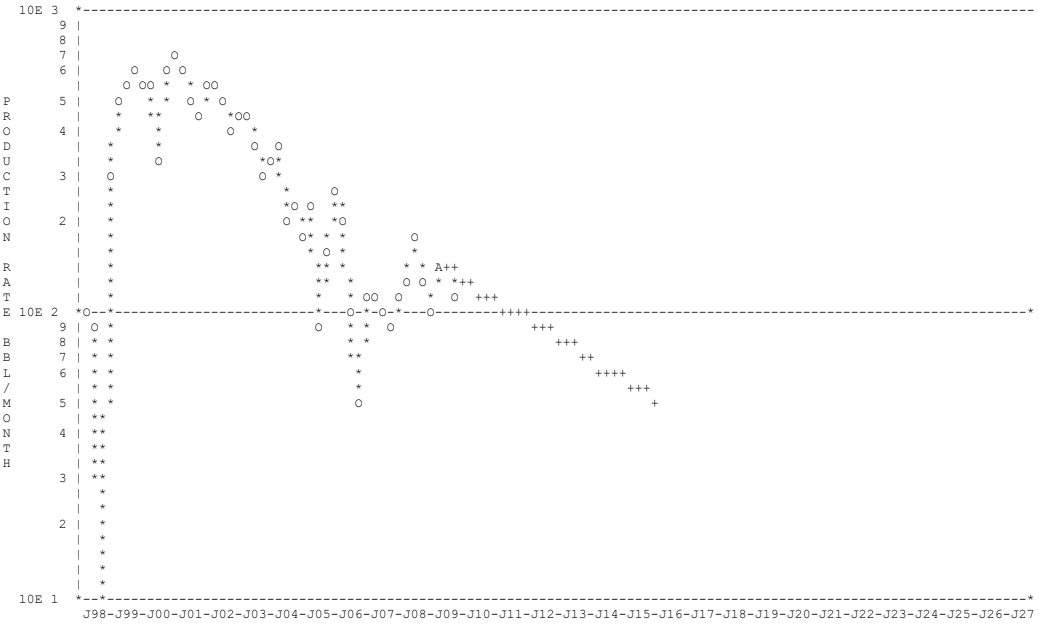
DATE	OIL(BBL)	GAS(MCF)	WLS	-- 2009 MONTHLY PRODUCTION --				CALC DECLINE:	OIL	GAS	-- 2010 MONTHLY PRODUCTION --			
PRIOR	98202	14147992		MON	OIL(BBL)	GAS(MCF)	WLS	DATE:	00/01/01	00/01/01	MON	OIL(BBL)	GAS(MCF)	WLS
1999	1476	378102	1	JAN	22	29304	1	DAILY-A:	4.8	1086.5	JAN	227	46713	1
2000	6717	1139201	1	FEB	197	36798	1	DECL-%:	14.07	14.07	FEB	145	39738	1
2001	6618	1218292	1	MAR	156	38188	1	N-FACT:			MAR	32	42709	1
2002	6678	1138126	1	APR	292	39689	1	----- APPRAISER DECLINE ------			APR	167	40399	1
2003	5675	935663	1	MAY	84	40934	1	P START-RATE DECL-% N-FACT MOS			MAY	78	37741	1
2004	4269	795303	1	JUN	167	36969	1	G 1250.0 15.00			JUN	159	40099	1
2005	2876	601597	1	JUL	162	42031	1				JUL	83	37813	1
2006	2231	598200	1	AUG	134	29926	1				AUG	141	37367	1
2007	1349	477221	1	SEP	90	10870	1				SEP	98	35619	1
2008	1223	472678	1	OCT							OCT	125	35437	1
2009	1595	363776	1	NOV	63	12018	1				NOV			
2010	1255	393635		DEC	228	47049	1		GRL:	1750000	DEC			



CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777004 WELL: PRIMARY PRODUCT: GAS APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: LAZY LINDA COMMENT: SAMPLE GAS LSE-SML MODIFICATION USER: CHAR

DATE	OIL(BBL)	GAS(MCF)	WLS	-- 2009 MONTHLY PRODUCTION --				CALC DECLINE:	OIL	GAS	-- 2010 MONTHLY PRODUCTION --			
PRIOR	98202	14147992		MON	OIL(BBL)	GAS(MCF)	WLS	DATE:	00/01/01	00/01/01	MON	OIL(BBL)	GAS(MCF)	WLS
1999	1476	378102	1	JAN	22	29304	1	DAILY-A:	4.8	1086.5	JAN	227	46713	1
2000	6717	1139201	1	FEB	197	36798	1	DECL-%:	14.07	14.07	FEB	145	39738	1
2001	6618	1218292	1	MAR	156	38188	1	N-FACT:			MAR	32	42709	1
2002	6678	1138126	1	APR	292	39689	1	----- APPRAISER DECLINE ------			APR	167	40399	1
2003	5675	935663	1	MAY	84	40934	1	P START-RATE DECL-% N-FACT MOS			MAY	78	37741	1
2004	4269	795303	1	JUN	167	36969	1	G 1250.0 15.00			JUN	159	40099	1
2005	2876	601597	1	JUL	162	42031	1				JUL	83	37813	1
2006	2231	598200	1	AUG	134	29926	1				AUG	141	37367	1
2007	1349	477221	1	SEP	90	10870	1				SEP	98	35619	1
2008	1223	472678	1	OCT							OCT	125	35437	1
2009	1595	363776	1	NOV	63	12018	1				NOV			
2010	1255	393635		DEC	228	47049	1		GRL:	1750000	DEC			



DOCUMENT 9J

GAS LSE Sample #2-Larger

MAP111 C A P I T O L A P P R A I S A L G R O U P , I N C .
10/06/10 13.55 DETAILED MINERAL APPRAISAL PAGE 1
INCOME APPROACH: DNCF TECHNIQUE

CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777003 WELL: PRIMARY PRODUCT: GAS APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
iND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: FLYING ARROW COMMENT: SAMPLE GAS LSE --LG MODIFICATION USER: CHAR

HISTORICAL PRODUCTION:

DATE OF FIRST PRODUCTION: 86/06/01

----------RAILROAD COMMISSION PRODUCTION----------

DATE	OIL (BBL)	GAS (MCF)	WATER (B/D)	FTP	FLOW	LIFT	WELLS
PRIOR	253	33236764					
1999		1599264	23	322	1		1
2000	2	1380913	28	288	1		1
2001		1201564	39	306	1		1
2002		758541	14	263	1		1
2003		823634	14	300	1		1
2004	4	591383	11	300	1		1
2005		280666	2	300	1		1
2006		192861	2	300	1		1
2007		183998	3	300	1		1
2008		177500	1	320	1		1
JAN		14132			1		1
FEB		15285			1		1
MAR		14972			1		1
APR		15605			1		1
MAY		12575	3	830	1		1
JUN		11876			1		1
JUL		12207			1		1
AUG		12153			1		1
SEP		10424			1		1
OCT		12252			1		1
NOV		11985			1		1
DEC		11254			1		1
2009		154720	3	830	1		1
TOTAL	259	40581808					

PROJECTION PARAMETERS:

PROJECTION DATE: 11/01/01 LIMIT DATE: 00/00/00
ANNUAL OIL PRODUCTION: OIL RESERVE LIMIT:
ANNUAL GAS PRODUCTION: 154720 GAS RESERVE LIMIT:
NUMBER OF PRODUCING WELLS: 1 NUMBER OF INJECTION WELLS:

DECLINE PARAMETERS:

----CALCULATED PARAMETERS----- -----APPRAISER PARAMETERS-----

	OIL	GAS	P	START-RATE	DECL-%	N-FACT	MOS
DATE:	98/01/01	98/01/01	G	400.0	15.00		
DAILY-A:		423.6					
DECL-%:	23.39	23.39					
N-FACT:							

SECONDARY PRODUCT RATIO: SECONDARY PRODUCT RATIO:

CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777003 WELL: PRIMARY PRODUCT: GAS APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: FLYING ARROW COMMENT: SAMPLE GAS LSE --LG MODIFICATION USER: CHAR

ECONOMIC PARAMETERS:					
OIL PRICE:	96.27	INJECTION WELLS:		AD VALOREM TAX BURDEN:	2.00
OIL GRAVITY:	40.0	DEPTH:	15200	ECONOMIC LIFE:	24
OIL GRAVITY ADJUSTMENT:		OPERATING COST ($/WELL):	13082	P-TO-I (7/8-1/8):	4.1 4.1
GAS PRICE:	7.10	*** SECTION 22.27 RESTRICTION ***		PAYOUT (7/8-1/8):	4.5 4.6
GAS PRICE PARITY:	1.00	EQUIPMENT COST ($/WELL):	6547	R/P RATIO (OIL-GAS):	6.5
		PRODUCING WELLS:	1	BASE DISCOUNT RATE:	1.1300

CASH FLOW ANALYSIS:

START	-----PRODUCTION-----		------PRODUCT PRICES-----				-7/8 REVENUE(M$)-		---OP COST(M$)---		--UNDISC INCOME--		--DISCOUNTED INCOME--	
DATE	OIL (BBL)	GAS (MCF)	OIL	NET	GAS	NET	OIL	GAS	DIRECT	CAP EXP	7/8(M$)	1/8(M$)	7/8($)	1/8($)
10/01/01		134761	36.00	34.34	4.29	3.97		468	13		455	67	424331	62361
11/01/01		114559	41.63	39.72	4.68	4.33		434	12		422	62	341870	50278
12/01/01		97385	51.76	49.38	5.30	4.90		418	12		405	60	285646	42058
13/01/01		82996	67.51	64.40	5.85	5.41		393	13		380	56	232890	34413
14/01/01		70346	76.51	72.99	6.63	6.13		377	13		364	54	194006	28739
15/01/01		59802	85.51	81.58	7.41	6.85		358	14		345	51	159761	23740
16/01/01		50836	94.51	90.16	7.75	7.17		319	14		305	46	122829	18368
17/01/01		43324	103.96	99.18	7.96	7.36		279	15		264	40	92661	13973
18/01/01		36721	108.12	103.15	8.17	7.56		243	15		228	35	69436	10578
19/01/01		31217	111.36	106.24	8.37	7.74		211	16		196	30	51911	8006
20/01/01		26537	114.14	108.89	8.57	7.93		184	16		168	26	38744	6063
21/01/01		22614	116.42	111.06	8.76	8.10		160	17		144	23	28812	4589
22/01/01		19169	117.58	112.17	8.94	8.27		139	17		122	20	21209	3454
23/01/01		16296	118.76	113.30	9.12	8.44		120	18		103	17	15582	2606
24/01/01		13852	119.95	114.43	9.29	8.59		104	18		86	15	11341	1960
25/01/01		11805	121.15	115.58	9.45	8.74		90	19		72	13	8214	1478
26/01/01		10006	122.36	116.73	9.61	8.89		78	19		59	11	5847	1108
27/01/01		8505	123.58	117.90	9.76	9.03		67	20		47	10	4113	832
28/01/01		7232	124.82	119.08	9.90	9.16		58	20		38	8	2836	624
29/01/01		6163	126.07	120.27	10.04	9.29		50	21		29	7	1911	469
		864126	<====== SUB-TOTAL ======>					4552	322		4230	650	2113950	315697
		16657	<====== REMAINING ======>					139	90		49	20	2487	955
		880783	<====== TOTAL ======>					4691	412		4279	670	2116437	316652
							EQUIPMENT ADJUSTMENT:				7		213	
							VALUE AT BASE DISCOUNT RATE:						2116650	316652
							VALUE AT MAF ADJUSTMENT:			90/97			2053151	307152
							SECTION 23.175 VALUE:						1846443	275009
							TOTAL APPRAISED VALUE:						1846443	275009
							AVERAGE ANNUAL ROR:				19	19		

	IN PLACE	DAILY AVG
7/8 $/BBL:		
7/8 $/MCF:	2.40	5276
7/8 $/BOE:	20.13	44315

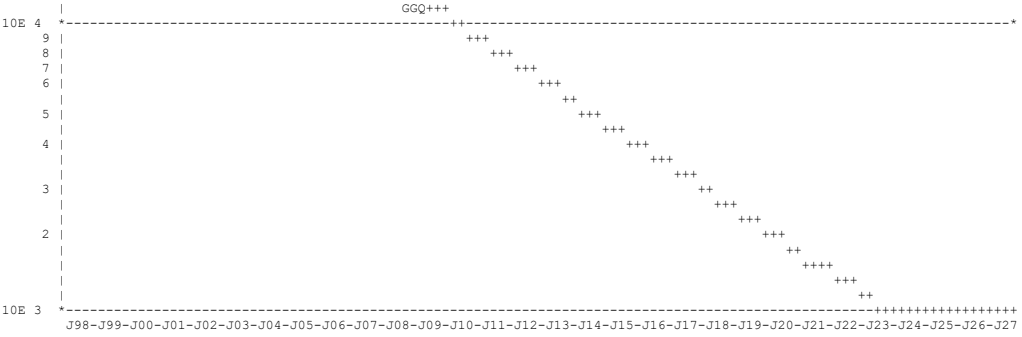
DIVISION ORDER TOTAL WORKING INTEREST & VALUE: .825000 1736440
*** SECTION 22.27 RESTRICTION ***

JURISDICTIONS:				
SAMPLE COUNTY	1.0000			
SAMPLE ISD	1.0000			

CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777003 WELL: PRIMARY PRODUCT: GAS APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: FLYING ARROW COMMENT: SAMPLE GAS LSE --LG MODIFICATION USER: CHAR

DATE	OIL(BBL)	GAS(MCF)	WLS	-- 2009 MONTHLY PRODUCTION --				CALC DECLINE:	OIL	GAS	-- 2010 MONTHLY PRODUCTION --			
PRIOR	253	33236764		MON	OIL(BBL)	GAS(MCF)	WLS	DATE:	98/01/01	98/01/01	MON	OIL(BBL)	GAS(MCF)	WLS
1999		1599264	1	JAN		14132	1	DAILY-A:		423.6	JAN		11602	1
2000	2	1380913	1	FEB		15285	1	DECL-%:	23.39	23.39	FEB		10651	1
2001		1201564	1	MAR		14972	1	N-FACT:			MAR		11644	1
2002		758541	1	APR		15605	1	----- APPRAISER DECLINE ------			APR		10865	1
2003		823634	1	MAY		12575	1	P START-RATE DECL-% N-FACT MOS			MAY		11379	1
2004	4	591383	1	JUN		11876	1	G 400.0 15.00			JUN		11028	1
2005		280666	1	JUL		12207	1				JUL		11516	1
2006		192861	1	AUG		12153	1				AUG		10856	1
2007		183998	1	SEP		10424	1				SEP		11283	1
2008		177500	1	OCT		12252	1				OCT		11193	1
2009		154720	1	NOV		11985	1				NOV			
2010		112017		DEC		11254	1				DEC			



CLIENT: 777 SAMPLE COUNTY APPR DIST RRC: 99 777003 WELL: PRIMARY PRODUCT: GAS APPRAISAL AS OF: 10/01/01

FIELD (RES): 99999 999 COUNTY: 777 MODIFICATION DATE:
IND OPERATOR: 999999 NOMINATOR NOT REQUIRED / SWR 3 MODIFICATION TIME:
LEASE NAME: FLYING ARROW COMMENT: SAMPLE GAS LSE --LG MODIFICATION USER: CHAR

DATE	OIL(BBL)	GAS(MCF)	WLS	-- 2009 MONTHLY PRODUCTION --				CALC DECLINE:	OIL	GAS	-- 2010 MONTHLY PRODUCTION --			
PRIOR	253	33236764		MON	OIL(BBL)	GAS(MCF)	WLS	DATE:	98/01/01	98/01/01	MON	OIL(BBL)	GAS(MCF)	WLS
1999		1599264	1	JAN		14132	1	DAILY-A:		423.6	JAN		11602	1
2000	2	1380913	1	FEB		15285	1	DECL-%:	23.39	23.39	FEB		10651	1
2001		1201564	1	MAR		14972	1	N-FACT:			MAR		11644	1
2002		758541	1	APR		15605	1	----- APPRAISER DECLINE ------			APR		10865	1
2003		823634	1	MAY		12575	1	P START-RATE DECL-% N-FACT MOS			MAY		11379	1
2004	4	591383	1	JUN		11876	1	G 400.0 15.00			JUN		11028	1
2005		280666	1	JUL		12207	1				JUL		11516	1
2006		192861	1	AUG		12153	1				AUG		10856	1
2007		183998	1	SEP		10424	1				SEP		11283	1
2008		177500	1	OCT		12252	1				OCT		11193	1
2009		154720	1	NOV		11985	1				NOV			
2010		112017		DEC		11254	1				DEC			

3 Copy of Reappraisal Plan Provided by Contractor

See four files in Operating Procedures folder
Reappraisal Plan subfolder

Document 8

Procedure for CAD Verification of Services
Provided by Appraisal Contractor

1. Verify lists of properties provided by the contractor agree with CAD's lists.

2. Verify appropriate methods of appraisal are used for each type of property [market, cost, income].

    a. Inquire if there has been any change in agreed appraisal methodology or application.
    b. Any variations from USPAP guidelines shall be documented and reviewed the following year.

3. Verify that complete and correct data resources, including market data, are used appropriately for each type of property.

    a. Inquire if there are added or deleted sources.
    b. If so, document reason for change and track affected properties.

4. Verify that contractor follows laws and statues applicable for all properties being appraised, including rendition compliance.

    a. Verify that Property Tax Code [P. T. C.] 1.04 (7) is met for all relevant properties such that both the appraisal approach and its conclusions meet the definition of fair market value.
    b. For minerals verify compliance with P. T. C 23.175 for mineral properties:
        - Use of Comptroller's Manual for Discounting Oil and Gas Income
        - Use of average product prices for the year prior to Jan 1

5. Verify agreed scheduling of:

    a. Preliminary appraisal report summarizing progress in completing the year's appraisals.
    b. Mail dates:
        - Notices of Appraisal
        - Last date to file a protest
        - ARB meeting dates
    c. Compilation of Certified Estimate of Value in accordance with P. T. C. 26.01 (e)
    d. copies of all appraisal and supporting data in agreed format

6. Verify timely receipt and correct format of following information:
    a. Value
        - preliminary appraised value
        - preliminary appraisal roll
        - certified roll including all documentation
    b. Reports
        - new property listing
        - list of renditions
        - protests and waives of protest
        - pending protest list
        - value change report

5 Contractor's procedures for appraising oil and gas property

See in Appraisal Standards folder
Property Appraisal Manuals subfolder
Procs for appraisal of Oil&Gas file

6 Contractor's procedures for identifying new property

Industrial Real Property

Industrial properties are identified as part of the appraiser's physical inspection process each year and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.

Industrial Personal Property

Through inspection the appraiser identifies personal property to be appraised. The appraiser begins with properties from the previous tax year and identifies new properties from visual identification and/or publications, newspaper articles, or information obtained through the interview of property owners. The appraiser may also refer to other documents, both public and confidential, to assist in identification of these properties. Such documents might include, but are not limited to, the previous year's appraisal roll, vehicle listing services and private directories.

Utility, Railroad and Pipeline Property

Utility, railroad and pipeline properties that are susceptible to inspection are identified by inspection. The appraiser may also refer to other documents, both public and confidential, to assist in the identification of these properties.

Oil and Gas Property

As subsurface mineral properties lie within the earth, they cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these properties. To identify new properties, CAG obtains monthly oil and gas lease information from the Railroad Commission of Texas [RRC] to compare against oil and gas properties already identified. The situs of new properties is determined using plats and W-2/G-1 records from the RRC, as well as CAG's in-house map resources.

Procedure for Evaluating Results of Contractor's Property Discovery for all property other than Oil and Gas

1. **Review renditions and compare to appraisal roll.**
2. **Review local news articles.**
3. **Have chief appraiser or another appraiser ride with contract personnel during inspection process.**
4. **Meet with contract personnel and go over any discrepancies.**
5. **Stay aware of what is going on in the area and meet with contractor about new projects.**
6. **Review contractor's appraisal roll and discuss any discrepancies.**

Procedure for Evaluating Results of Contractor's Oil and Gas Property Discovery

1. **Obtain a list from the Texas Railroad Commission of all new leases currently producing in the CAD.**
2. **Choose a sample of leases or if time permits list all new leases producing on January 1st. of current tax year.**
3. **Check to see if the lease was completed prior to January 1st or producing before January 1st of current tax year.**
4. **Compare to list of new leases currently producing or completed prior to January 1st of current tax year. If discrepancies exist contact contractor to discover why lease may be left off tax rolls. Some reasons may include but are not limited to: incorrect RRC reporting data, lease being listed under its permit number on current tax roll, or lease being currently listed under a prior RRC lease number.**
5. **If contractor has accounted for all new production and leases, the CAD has complied with the MAP requirement.**

Document 5

CAD Procedure for Identifying New Utility Properties and Producing Wells

Appraisal of industrial properties is limited to those properties indicated in the contract with the appraisal district unless the appraisal district requests the appraisal of other properties. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal.

Utility, Railroad and Pipeline Property

Utility, railroad and pipeline properties that are susceptible to inspection are identified by inspection. The appraiser may also refer to other documents, both public and also confidential to assist in identification of these properties.

Oil and Gas Property

As subsurface mineral properties lie within the earth, they cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these properties. To identify new properties, CAG uses the following procedure:

.

1. Obtain a list from the Texas Railroad Commission of all leases currently producing or permitted in the CAD. Obtain permit plat for leases contained within the county.
2. Obtain a list of leases currently producing or permitted in neighboring counties with common borders and map relative location of leases to county's border. Obtain permit plat to determine if leases may have lease boundaries extending into county.
3. Using plats of leases with partial or all lease boundaries within the county, create a list of potential additional property to be added to the appraisal roll.
4. Compare list of potential leases with all currently producing leases in the CAD on January 1st. of current tax year to determine any lease duplication.
5. Check to see if the lease was completed prior to January 1st or producing before January 1st of current tax year.
6. If lease has not previously been added to the CAD's appraisal roll, do so and obtain ownership.

Document 6B

Industrial Personal Property
Mass Appraisal Procedure and Timeline

Although valuation is set for either January 1 of the tax year of September 1 of the previous calendar year prior to the current tax year, the appraisal process begins in September of the previous year and continues through August of the tax year.

September 1 of previous year to March 31 of the current tax year

Discovery and listing. This includes physical inspection of existing properties to appraise and discovery of potential new properties to appraise. New potential properties are reported to the appraisal district to determine if Capitol Appraisal will value the property for the current tax year.

April 1 until complete

Appraisal of properties both market value and taxable value. Deadlines for completion of appraisals and sending out value notices are based upon individual deadlines set by the appropriate appraisal district. Every effort is made to appraise every property timely so that values can be included in certification. Properties not included in certification are reported to the appraisal district and the appraisal process continues until final value is reached. Supplementing the tax roll with those properties is based upon the timeline established by the appraisal district.

July 25

Appraisal roll is certified. Every effort is made to ensure all properties have a final valuation by this date. Exceptions may include properties with late renditions, extensions, or other allowable justifications which preclude final valuation by July 25.

July 26 to August 31

Review current tax year methods and procedures, and begin general property classification research for the next tax year. Special reports for the appraisal districts are created at this time as requested.

Document 6A

Industrial Real Property
Mass Appraisal Procedure and Timeline

Although valuation is set for either January 1 of the tax year of September 1 of the previous calendar year prior to the current tax year, the appraisal process begins in September of the previous year and continues through August of the tax year.

September 1 of previous year to March 31 of the current tax year

Discovery and listing. This includes physical inspection of existing properties to appraise and discovery of potential new properties to appraise. New potential properties are reported to the appraisal district to determine if Capitol Appraisal will value the property for the current tax year.

April 1 until complete

Appraisal of properties both market value and taxable value. Deadlines for completion of appraisals and sending out value notices are based upon individual deadlines set by the appropriate appraisal district. Every effort is made to appraise every property timely so that values can be included in certification. Properties not included in certification are reported to the appraisal district and the appraisal process continues until final value is reached. Supplementing the tax roll with those properties is based upon the timeline established by the appraisal district.

July 25

Appraisal roll is certified. Every effort is made to ensure all properties have a final valuation by this date. Exceptions may include properties with late renditions, extensions, or other allowable justifications which preclude final valuation by July 25.

July 26 to August 31

Review current tax year methods and procedures, and begin general property classification research for the next tax year. Special reports for the appraisal districts are created at this time as requested.

Document 6D

Oil and Gas
Mass Appraisal Procedures and Timeline

Capitol Appraisal Group, LLC (CAGL) contracts with Appraisal Districts and other governmental entities to appraise all oil and gas subsurface, producing, mineral interests within the purview of the law.

October-December:

SEC 10(k) data gathered for use in discount rate study.

A base discount rate is developed using the Securities and Exchange Commission (SEC) 10k Standard Measure of Value, before Federal Income Tax (BFIT), for a grouping of Exploration and Production (E&P) companies, and then matching their 10k Standard Measure of Value (BFIT), reserves and costs, through a discounted cash flow (DCF) technique. This reserve and cost match is used with Section 23.175 pricing directives to determine a discount rate necessary to equal the stock and debt value of the companies, as of January 1 for a given tax year. This analysis is calibrated with a WACC for the same companies that are used in the stock and debt analysis. Management determines an appropriate base discount rate to be used.

January:

Discount rate study finalized

November-March:

The appraiser commences the annual appraisal cycle with identification of new property and determination of situs.

"Minerals in place" and an estate or interest in the same, are classified by the state of Texas as real property. They cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these minerals in place and estates or interests in the same. CAGL obtains monthly oil and gas lease production information from the Railroad Commission of Texas [RRC] and compares it to existing oil and gas properties already identified and appraised. New properties are identified in this process by comparing existing data to new information obtained from the RRC.

The appraiser determines the validity of new properties and then determines the situs of these new properties by obtaining plats, W-2/G-1 records obtained from the RRC, and using in-house mapping resources.

January-March:

Appraisers begin entering detailed new property information.

Along with RRC lease specific information, the appraiser enters the lease's legal description, its situs, and detailed lease information obtained from the RRC. This process of discovery and entry into the appraisal system continues year round to identify assessable properties that are obtained because of delays in the RRC reporting system.

February:

Comptroller's 23.175 pricing data and market condition factors are obtained and incorporated into the appraisal system.

February-April:

Properties are appraised and values are posted on the CAG web site for clients, operators and agents to review and submit information.

Appraiser(s) access production declines for leases to be appraised. Based on the appraiser's decline rate analysis and review of previous year's appraisal parameters and current Comptroller pricing data, the estimated value for the current appraisal year is determined.

Preliminary appraised values are available from the CAG web site www.cagi.com following appraiser and supervisor review.

April-May:

Preliminary appraisals reviewed.

Appraisers review operating expenses, product prices, new or revised information about production submitted by operators and agents before Notifications of Value are mailed to taxpayers.

May-July:

Notified values formally & informally reviewed.

Appraisers work with taxpayers following Notification of Value and continue to review information submitted by royalty owners, operators and agents. The ARB process is part of this review

Document 6C

Utility, Railroad and Pipeline Property Mass Appraisal Procedure and Timeline

Although valuation is set for either January 1 of the tax year of September 1 of the previous calendar year prior to the current tax year, the appraisal process begins in September of the previous year and continues through August of the tax year.

September 1 of previous year to March 31 of the current tax year

Research and capitalization rate development. For properties valued via the income approach data is obtained and analyzed for calculation of a capitalization rate appropriate to a specific property type.

October to December

Submission of appraisals to the Property Tax Assistance Division PTAD) of the Comptroller's office and preparation of value defense for any properties included in their ratio study. Defense documentation and appraisal analysis of the PTAD appraisal is prepared and submitted to the appraisal district or the representative of the taxing jurisdictions whichever is appropriate.

April 1 until complete

Appraisal of properties both market value and taxable value. Deadlines for completion of appraisals and sending out notice of value are based upon individual deadlines set by the appropriate appraisal district. Every effort is made to appraise every property timely so that values can be included in certification. Properties not included in certification are reported to the appraisal district and the appraisal process continues until final value is reached. Supplementing the tax roll with those properties is based upon the timeline established by the appraisal district.

July 25

Appraisal roll is certified. Every effort is made to ensure all properties have a final valuation by this date. Exceptions may include properties with late renditions, extensions, or other allowable justifications which preclude final valuation by July 25.

July 26 to August 31

Review current tax year methods and procedures, and begin general property classification research for the next tax year. Special reports for the appraisal districts are created at this time as requested.

Document 3B

2025-2026

CAD Plan for Periodic Reappraisal of Industrial Personal Property

Subsections (a) and (b), Section 25.18, Tax Code:

(a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).

(b) The plan provides for annual reappraisal of all industrial personal property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.

(1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Through inspection the appraiser identifies personal property to be appraised. The appraiser begins with properties from the previous tax year and identifies new properties from visual identification and/or publications, newspaper articles, or information obtained through the interview of property owners. The appraiser may also refer to other documents, both public and also confidential, to assist in identification of these properties. Such documents might include but are not limited to the previous year's appraisal roll, vehicle listing services and private directories.

(2) Identifying and updating relevant characteristics of each property in the appraisal records: Data identifying and updating relevant characteristics of the subject properties are collected as part of the inspection process through directories and listing services as well as through later submissions by the property owner, sometimes including confidential rendition. These data are verified through previously existing records and through public reports.

(3) Defining market areas in the district: Market areas for industrial personal property are generally either regional or national in scope. Published price sources are used to help define market areas.

(4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics. Personal property is appraised using replacement/reproduction cost new less depreciation models. Income approach models are used when economic and/or subject property income is available, and a market data model is used when appropriate market sales information is a available.

(5) Comparison and Review: The appraiser reconciles multiple models by considering the model that best addresses the individual characteristics of the subject property. Year-to year property value

changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.

Document 3A

2025-2026

CAD Plan for Periodic Reappraisal of Industrial Real Property

Subsections (a) and (b), Section 25.18, Tax Code:

(a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).

(b) The plan provides for annual reappraisal of selected industrial property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.

(1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Industrial properties are identified as part of the appraiser's physical inspection process each year and through submitted data by the property owner. The appraiser may also refer to legal documents, photography and other descriptive items.

(2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through the inspection process. Confidential rendition, assets lists and other confidential data also provide additional information. Subject property data is verified through previously existing records and through published reports.

(3) Defining market areas in the district: Market areas for industrial properties tend to be regional, national and sometimes international. Published information such as prices, financial analysis and investor services reports are used to help define market area.

(4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: Among the three approaches to value (cost, income and market), industrial properties are most commonly appraised using replacement/reproduction cost new less depreciation models because of readily available cost information. If sufficient income or market data are available, those appraisal models may also be used.

(5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property and that are based on the most reliable data when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process.

Document 3D

2025-2026

CAD Plan for Periodic Reappraisal

of Oil and Gas Property

In accordance with Section 25.18 of the Tax Code:

(a) CAD shall implement the plan for periodic reappraisal of property as approved by the board of directors under Section 6.05 (i).

(b) The plan provides for annual reappraisal of all oil and gas property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.

(1) Identification of new property and its situs. As subsurface mineral properties lie within the earth, they cannot be physically identified by inspection like other real property. However, the inability to directly inspect does not appreciably affect the ability to identify and appraise these properties. To identify new properties, CAGL obtains monthly oil and gas lease information from the Railroad Commission of Texas [RRC] to compare against oil and gas properties already identified. The situs of new properties is determined using plats and W-2/G-1 records from the RRC, as well as CAGL's in-house map resources.

(2) Identifying and updating relevant characteristics of all oil and gas properties to be appraised. Relevant characteristics necessary to estimate value of remaining oil or gas reserves are production volume and pattern, product prices, expenses borne by the operator of the property, and the rate at which the anticipated future income should be discounted to incorporate future risk. CAGL obtains information to update these characteristics annually from regulatory agencies such as the RRC, the Comptroller of Public Accounts, submissions from property owners and operators, as well as from published investment reports, licensed data services, service for fee organizations and through comparable properties, when available.

(3) Defining market areas in the district and identifying property characteristics that affect property value in each market area. Oil and gas markets are regional, national and international. Therefore they respond to market forces beyond defined market boundaries as observed among more typical real properties.

(4) Developing an appraisal approach that best reflects the relationship among property characteristics affecting value and best determines the contribution of individual property characteristics. Among the three approaches to value (cost, income and market), the income approach to value is most commonly used in the oil and gas industry. Through use of the discounted cash flow technique in particular, the appraiser is able to bring together relevant characteristics of production volume and pattern, product prices, operating expenses and discount rate to determine an estimate of appraised value of an oil or gas property.

(5) Comparison and Review. Use of the income approach is the first step in determining an estimate of market value. After that the appraiser reviews the estimated market value compared to its previous certified value and also compares it to industry expected payouts and income indicators. The appraiser examines the model's value with its previous year's actual income, expecting value to typically vary within in a range of 2-5 times actual annual income, provided all appropriate income factors have been correctly identified. Finally, periodic reassignment of properties among appraisers and review of appraisals by a more experienced appraiser further expand the review process.

Document 3C

2025-2026

CAD Plan for Periodic Reappraisal of

Utility, Railroad and Pipeline Property

Subsections (a) and (b), Section 25.18, Tax Code:

(a) CAD shall implement the plan for periodic reappraisal of property approved by the board of directors under Section 6.05 (i).

(b) The plan provides for annual reappraisal of all utility, railroad and pipeline property appraised by the CAD. The CAD has a professional services contract with Capitol Appraisal Group, LLC (CAGL) to appraise these properties for the CAD.

(1) Identifying properties to be appraised: Appraisal of properties is limited to those indicated in the contract with the appraisal district, unless additionally requested by the appraisal district. Newly discovered properties will be discussed with the appraisal district to confirm they are to be appraised by Capitol Appraisal. Utility, railroad and pipeline properties that are susceptible to inspection are identified by inspection. The appraiser may also refer to other documents, both public and also confidential to assist in identification of these properties. Due to the varied nature of utility, railroad, and pipeline properties there is no standard data collection form or manual. New permitting documents on record with the Railroad Commission of Texas provide a source to identify potential new pipeline projects but does not provide indication if the project was actually started, completed, or a distinct location of the proposed project. Every effort is made to discover new utility, railroad, and pipeline properties through personal observation combined with permitting documents.

(2) Identifying and updating relevant characteristics of each property in the appraisal records: The appraiser identifies and updates relevant characteristics through data collected as part of the inspection process and through later submissions by the property owner, sometimes including confidential rendition. Additional data are obtained through public sources, regulatory reports and through analysis of comparable properties.

(3) Defining market areas in the district: Market areas for utility, railroad and pipeline property tend to be regional or national in scope. Financial analyst and investor services reports are used to help define market areas.

(4) Developing an appraisal approach that reflects the relationship among property characteristics affecting value and determines the contribution of individual property characteristics: For all three types of property, the appraiser must first form an opinion of highest and best use. Among the three approaches to value (cost, income and market),

pipeline value is calculated using a replacement/reproduction cost new less depreciation model [RCNLD]. In addition to the RCNLD indicator, a unit value model may also be used if appropriate data are available. Utility and railroad property are appraised in a manner similar to pipeline except that the RCNLD model is not used.

(5) Comparison and Review: The appraiser considers results that best address the individual characteristics of the subject property when multiple models are used. Year-to year property value changes for the subject property are examined using computer-assisted statistical review. Periodic reassignment of properties among appraisers or the review of appraisals by a more experienced appraiser also contributes to the review process. These types of property are also subject to review by the Property Tax Division of the Texas Comptroller's Office through their annual Property Value Study.

Calibration Models

BUSINESS PERSONAL PROPERTY

APPRAISED BY CAPITOL APPRAISAL GROUP

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 computer-assisted statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance and are used when possible. However sales for some types of personal property are very infrequent. Furthermore, many market transactions 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. Lastly, Capitol Appraisal Group's industrial appraisal methods and procedures for real and personal property are subject to review by the Property Tax Division of the Texas Comptroller's office. The Comptroller's review as well as appraisal-to-sale ratios and comparisons with single-property appraisals indicate the validity of the models and the calibration techniques employed. Commercial personal property appraised by Capitol Appraisal Group, LLC is not subject to a methods and procedures review however it is included in the Property Tax Division's annual ratio study with satisfactory results.

Calibration Models

INDUSTRIAL PROPERTY

APPRAISED BY CAPITOL APPRAISAL GROUP

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 computer-assisted 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. Lastly, Capitol Appraisal Group's industrial appraisal methods and procedures are subject to review by the Property Tax Division of the Texas Comptroller's office. The Comptroller's review as well as comparisons with single-property appraisals indicate the validity of the models and the calibration techniques employed.

Calibration Models

OIL AND GAS RESERVES

CAPITOL APPRAISAL GROUP

Review and Testing

Each year we review the estimated market value for each mineral property appraised according to its year-to-year value change and also to industry expected payouts and income indicators. We also examine income projected to be received with the previous year's income and test that income against the lease's appraised value. Market value for income producing properties is a multiple of its monthly or annual income. Our experience through the years indicates that values typically vary within in a range of 2-5 times income, provided all appropriate income factors have been appropriately identified. Periodic reassignment of properties among appraisers and review of appraisals by a more experienced appraiser also contribute to the review process.

Application of appraisal-to-sales ratios is another method for measuring performance. However, single property sales or sales of interest(s) within a property remain difficult to obtain due Texas' disclosure laws. Furthermore many market transactions are normally for multiple properties in multiple areas and include both real and personal property, tangible and intangible. We access licensed databases providing statistical data for company and property sales to compare our efforts. We also measure our performance through comparison of valid single-property market transactions, if any, that are submitted for staff review. Lastly, Capitol Appraisal's mineral appraisal values are subject to review each year in the Property Value Study conducted by the Property Tax Division of the Texas Comptroller of Public Accounts. The Property Tax Division's review as well as comparisons to industry transactions and to single-property market value sales (when available), indicate the validity of the models, techniques and assumptions used.

Calibration Models

UTILITY, RAILROAD, AND PIPELINE PROPERTIES

APPRAISED BY CAPITOL APPRAISAL GROUP

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 computer-assisted 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 Division of the Texas Comptroller's Office. The Comptroller's review as well as comparisons with single-property appraisals indicate the validity of the models as well as the calibration techniques employed.

MASS APPRAISAL REPORT

BUSINESS PERSONAL PROPERTY

APPRAISED BY CAPITOL APPRAISAL GROUP

2025-2026

Overview

This type of property consists of tangible personal property owned by a business or individual for the purpose of producing an income. The Uniform Standards of Professional Appraisal practice define personal property as "identifiable portable and tangible objects which are considered by the general public as being "personal," e.g. furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all property that is not classified as real estate.". The Texas Property Tax Code (Sec. 1.04(5)) defines tangible personal property as "…personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value." The Texas Property Tax Code (Sec. 1.04(4)) defines personal property as "…property that is not real property."

Capitol Appraisal Group, Inc. is contracted to reappraise this type of property according to the scope of work in the normal course of business of the client consistent with the Uniform Standards of Professional Appraisal Practice guidelines. 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.

A separate definition of the value of inventory is found in the Texas Property Tax Code (Sec. 23.12(a)), "…the market value of an inventory is the price for which it would sell as a unit to a purchaser who would continue the business." Additionally, some inventories may qualify for appraisal as of September 1 in accordance with the provisions of Texas Property Tax Code Section 23.12(f).

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 date of this report is April 20 of the tax year for which it is submitted.

The client for the mass appraisal is the Texas appraisal district named on the last page of this report. The intended users of this report are the client and the property owners of the client appraisal district.

The appraisal results will be used as the tax base upon which a property tax will be levied. A listing of the personal property appraised by Capitol Appraisal Group, Inc. for the appraisal district is available at the appraisal district office. Personal property is normally re-inspected 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; 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.

Capitol's personal property appraisal staff includes licensed engineers as well as experienced appraisers who are knowledgeable in all three approaches to value. Personal property appraisal staff stays abreast of current trends affecting personal property through review of published materials, attendance at conferences, course work, and continuing education. All personal property 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 Requested 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 has been obtained by members of Capitol Appraisal Group's staff or by other reliable sources.
7. The appraisals were prepared exclusively for ad valorem tax purposes.

Data Collection and Validation

Data on the subject properties are 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 which 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 multitude of personal property types there is no standard data collection form or manual.

Valuation Approach and Analysis

Personal property is 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. 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 value

estimate derived from an income approach model in which the operating income of a business was capitalized must be reduced by the value of any real property in order to arrive at the value of the operating personal property. A market data model based on typical selling prices per item or unit of capacity is also used when appropriate market sales information is available. In the case of some personal property types, such as licensed vehicles, market data from published pricing guides is used to construct a market value model. In other cases, models are based on sales information available through published sources or through private sources.

Because cost information is the most readily available type of data, the cost approach model is always considered and used. If sufficient data is available either of both of the other two models may also be considered and used. The market data and income approach models may need to 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.

The mathematical form of each model is described below.

Cost Approach

RCN
-PD
-FO
-EO
=Cost Indicator of Value

Where:
RCN = Replacement or Reproduction Cost New
PD = Physical Depreciation
FO = Functional Obsolescence
EO = Economic Obsolescence

Income Approach

PGR
-VCL
-FE
-VE
NOI

NOI/R = Income Indicator of Value

Where:
PGR = Potential Gross Rent
VCL = Vacancy and Collection Loss
FE = Fixed Expenses
VE = Variable Expenses
R = Discount Rate or Cost of Capital

A variation of the income model is:

NOI for year 1 x DF for year 1 = PW of year 1 NOI
NOI for year n x DF for year n = PW of year n NOI
Net Reversion x DF for year n = PW of Reversion
Sum of PW's for all years 1 - n = Income Indicator of Value

Where:
NOI = Net Operating Income
DF = Discount Factor
PW = Present Worth
n = Last year of holding period

Market Data Approach

ASPCP/U = PU
PU x SU = Market Data Indicator of Value

Where:
ASPCP = Adjusted Sales Price of Comparable Property
U = Unit of comparison
ASPU = Adjusted Sales Price per Unit of comparison
SU = Subject Property's number of Units of comparison

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

Highest and best use analysis of personal property is based on the likelihood of the continued use of the personal property in its 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 computer-assisted statistical review of property value changes is also conducted.

Appraisal-to-sales ratios are the preferred method for measuring performance and are used when possible. However sales for some types of personal property are very infrequent. Furthermore, many market transactions 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. Lastly, Capitol Appraisal Group's industrial appraisal methods and procedures for real and personal property are subject to review by the Property Tax Division of the Texas Comptroller's office. The Comptroller's review as well as appraisal-to-sale ratios and comparisons with single-property appraisals indicate the validity of the models and the calibration techniques employed. Commercial personal property appraised by Capitol Appraisal Group, Inc. is not subject to a methods and procedures review however it is included in the Property Tax Division's annual ratio study with satisfactory results.

MASS APPRAISAL REPORT

OIL AND GAS RESERVES

APPRAISED BY CAPITOL APPRAISAL GROUP

2025-2026

Overview

Capitol Appraisal Group, LLC. (CAGI) contracts with Appraisal Districts and other governmental entities to appraise all oil & gas subsurface, producing, mineral interests within the purview of the entity. The contractual purpose is to estimate market value as defined in Section 1.04 of the Texas Property Tax Code as of January 1 of each year and report these values to the entity. The results of our work are used as part of the tax base upon which property taxes are levied. Each mineral interest is listed on the appraisal roll separately from other interests in the minerals-in-place in conformance with the Texas Property Tax Code Sec. 25.12. Subsurface mineral rights are not susceptible to physical inspection. This condition creates the need to invoke the **Departure Provision** as Requested by the 2003 edition of the Uniform Standards of Professional Appraisal Practice Standards Rule 6-7 (f). However, the inability to physically examine the sub-surface mineral rights does not appreciably affect the appraisal process or the quality of the results.

Assumptions and Limiting Factors

All appraisals are subject to the following:

1. Title to the property is assumed to be good and marketable and the ownership interest and legal description is assumed to be correct.
2. No responsibility for legal matters is assumed. Properties are appraised as if free and clear of any encumbrance and operated under responsible ownership and competent management.
3. Not every property is inspected every year.
4. All information in the appraisal documents has been obtained by Capitol Appraisal Group's employees or through other reliable sources.
5. The appraisals were prepared exclusively for ad valorem tax purposes

Data Collection

Data on the properties appraised are collected from regulatory agencies, such as the Texas Railroad Commission and the Texas Comptroller of Public Accounts, from submissions by the property operator or owner(s), or from other sources. **Submitted data from operators, taxpayers and/or their agents on the appraised properties are considered "rendition statements" and, as such, are confidential data, subject to Sec. 22.27 of the Texas Property Tax Code.** Additional data are obtained through published sources, regulatory reports, public investment reports, licensed data services, service for fee organizations and through comparable properties, if any. The state of Texas is a non-disclosure state and thus many forms of information, pertinent to the value of the properties, are not available to the appraiser.

Valuation and Analysis

The Income Method of Appraisal, as described in Section 23.012 of the Texas Property Tax Code, is the principal appraisal method used. The Market Data Comparison Method of Appraisal (section 23.013) and the Cost Method of Appraisal (section 23.011) are considered. Industry averages of reserve replacement cost and acquisition cost are used for comparative purposes. The non-disclosure nature of the laws of Texas makes market data comparison unreliable. However, if within the scope of Capitol's work assignment market sales disclosures on interests are available, then those data is considered. The nearly exclusive reliance on the income approach, using the discounted cash flow (DCF) technique adjusted for specific property risk and market conditions, is typical of the oil and gas industry. Fee for service organizations are used for survey data with respect to price expectations and discount rates, and licensed data services are used for Industry indicators detailing costs, income, acquisitions costs in dollars per barrel of oil equivalent ($/BOE), finding and development costs ($/BOE) and reserve replacement costs ($/BOE) for over 100 E&P companies.

Due to the demands of Section 23.175 of the Texas Property Tax Code and the Texas Constitution, Capitol Appraisal Group, Inc. takes great care to not appraise properties in excess of their fair market value. We analyze a segment of the Petroleum Producing E&P market, determining the impact on their stock and debt value of the pricing requirements of Sec. 23.175 and also the pricing that could be reasonably anticipated from the market. Capitol Appraisal Group Inc.'s opinion of oil and gas prices is guided by the market's anticipation of those prices through the futures market, oil and gas stock prices and oil and gas industry indexes. A base discount rate is developed using the Securities and Exchange Commission (SEC) 10k Standard Measure of Value, Before Federal Income Tax (BFIT), for a grouping of 20 Exploration and Production (E&P) companies, and then matching their 10k Standard Measure of Value (BFIT), reserves and costs, through a discounted cash flow (DCF) technique. This reserve and cost match is used with Capitol's developed pricing scenario and Section 23.175 pricing directives to determine a discount rate necessary to equal the stock and debt value of the companies, as of January 1 for a given tax year.

The Weighted Average Cost of Capital (WACC) technique is also performed for a subset of these companies grouped according to the Petroleum Producing Industry Exploration and Production companies used in the *The Valueline Investment Survey.* These separate pricing scenarios and the resulting discount rates derived from using the aforementioned stock and debt techniques are applied to the universe of oil and gas properties we appraise. In seeking to avoid appraising any oil and gas property **above** its fair cash market value, Capitol Appraisal employs a market adjustment factor (MAF) to its base discount rate in order to apply property specific risk(s). These factors, which create a wide range of discount rates for the properties that Capitol appraises, are necessary to equitably evaluate disparate leases with respect to remaining reserves, price and costs. By performing two DCF income approach appraisals on each property, Capitol Appraisal provides clients with our opinion of market value, while always endeavoring to guard against appraising a mineral lease at greater than its fair cash market value. [A **jurisdictional exception** to the Discounted Cash Flow technique, as this process is described in the Statement on Appraisal Standards #2, 2003 edition of the Uniform Standards of Professional Appraisal Practice, must be taken. Section 23.175(a) of the Texas Property Tax Code both specifies the directives concerning oil and gas pricing that appraisal districts in Texas must follow and also that each appraisal district must adhere to procedure and methodology contained in manuals developed by the Property Tax Division (PTD) of the Texas Comptroller of Public Accounts. Because adherence to this Property Tax Code directive, without discretion, can result in values greater than fair cash market value, we must express caution.]

The resulting oil and gas lease value is then allocated to each owner on the lease based upon his fractional mineral ownership interest. Royalty and working interests have different impacts on their respective values, since only working interests bear the costs of lease operation. Therefore royalty mineral interest owner's values are allocated from 100% of the appraised royalty value of

the lease, according to their fractional royalty interest, while the working interest owner's value(s) are allocated from 100% of the determined working interest value of the lease, according to their fractional working interest.

Review and Testing

Each year we review the estimated market value for each mineral property appraised according to its year-to-year value change and also to industry expected payouts and income indicators. We also examine income projected to be received with the previous year's income and test that income against the lease's appraised value. Market value for income producing properties is a multiple of its monthly or annual income. Our experience through the years indicates that values typically vary within in a range of 2-5 times income, provided all appropriate income factors have been appropriately identified. Periodic reassignment of properties among appraisers and review of appraisals by a more experienced appraiser also contribute to the review process.

Application of appraisal-to-sales ratios is another method for measuring performance. However, single property sales or sales of interest(s) within a property remain difficult to obtain due Texas' disclosure laws. Furthermore many market transactions are normally for multiple properties in multiple areas and include both real and personal property, tangible and intangible. We access licensed databases providing statistical data for company and property sales to compare our efforts. We also measure our performance through comparison of valid single-property market transactions, if any, that are submitted for staff review. Lastly, Capitol Appraisal's mineral appraisal values are subject to review each year in the Property Value Study conducted by the Property Tax Division of the Texas Comptroller of Public Accounts. The Property Tax Division's review as well as comparisons to industry transactions and to single-property market value sales (when available), indicate the validity of the models, techniques and assumptions used.

MASS APPRAISAL REPORT

UTILITY, RAILROAD, AND PIPELINE PROPERTIES

APPRAISED BY CAPITOL APPRAISAL GROUP, INC.

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Overview

This type of property consists of operating property, excluding land, owned by utility, railroad, and pipeline companies, and related personal property and improvements. Capitol Appraisal Group, Inc. is contracted to reappraise this type of property according to the scope of work in the normal course of business of the client consistent with the Uniform Standards of Professional Appraisal Practice guidelines. 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 date of this report is April 20 of the tax year for which it is submitted.

The client for the mass appraisal is the Texas appraisal district named on the last page of this report. The intended users of this report are the client and the property owners of the client appraisal district

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 Standards Rule 6-5 (c) comment of the Uniform Standards of Professional Appraisal Practice 2008. A listing of the utility, railroad, and pipeline properties appraised by Capitol Appraisal Group, Inc. for the appraisal district is available at the appraisal district office. 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.

Capitol'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 Requested 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 has been obtained by members of Capitol Appraisal Group'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.

Data Collection and Validation

Data on the subject properties 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 which 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

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 company.

The mathematical form of each model is described below.

RCNLD Approach

RCN
-PD
-FO
-EO
=RCNLD Indicator of Value

Where:
RCN = Replacement or Reproduction Cost New
PD = Physical Depreciation
FO = Functional Obsolescence
EO = Economic Obsolescence

Unit Cost Approach

OC
-AD
-EO
=Unit Cost Approach Indicator of Value

Where:
OC = Original Cost
AD = Allowed Depreciation
EO = Economic Obsolescence

Unit Income Approach

PGR
-VCL
-FE
-VE
NOI

NOI/R = Income Indicator of Value

Where:
PGR = Potential Gross Rent
VCL = Vacancy and Collection Loss
FE = Fixed Expenses
VE = Variable Expenses
R = Discount Rate or Cost of Capital

A variation of the income model is:

NOI for year 1 x DF for year 1 = PW of year 1 NOI
NOI for year n x DF for year n = PW of year n NOI
Net Reversion x DF for year n = PW of Reversion
Sum of PW's for all years 1 - n = Income Indicator of Value

Where:
NOI = Net Operating Income
DF = Discount Factor
PW = Present Worth
n = Last year of holding period

Stock and Debt Approach

MVE
+MVD
=Market Value of Assets

Where:
MVE = Market value of Equity
MVD = Market value of Debt

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 computer-assisted 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 Division of the Texas Comptroller's Office. The Comptroller's review as well as comparisons with single-property appraisals indicate the validity of the models as well as the calibration techniques employed.

MASS APPRAISAL REPORT

INDUSTRIAL PROPERTY

APPRAISED BY CAPITOL APPRAISAL GROUP

2025-2026

Overview

This type of property consists of processing facilities and related personal property. Capitol Appraisal Group, Inc. is contracted to reappraise this type of property according to the scope of work in the normal course of business of the client consistent with the Uniform Standards of Professional Appraisal Practice guidelines. 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 date of this report is April 20 of the tax year for which it is submitted.

The client for the mass appraisal is the Texas appraisal district named on the last page of this report. The intended users of this report are the client and the property owners of the client appraisal district.

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 © Comment of the Uniform Standards of Professional Appraisal Practice 2008. A listing of the industrial properties appraised by Capitol Appraisal Group, Inc. for the appraisal district is available at the appraisal district office. Industrial properties are normally re-inspected 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.

Capitol'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 requested 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 has been obtained by members of Capitol Appraisal Group'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.

Data Collection and Validation

Data on the subject properties 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 which 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

Industrial properties are 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 always considered and used. If sufficient data is available either of both of the other two models may also be considered and used. The market data and income approach models may need to

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.

The mathematical form of each model is described below.

Cost Approach

RCN
-PD
-FO
-EO
=Cost Indicator of Value

Where:
RCN = Replacement or Reproduction Cost New
PD = Physical Depreciation
FO = Functional Obsolescence
EO = Economic Obsolescence

Income Approach

PGR
-VCL
-FE
-VE
NOI

NOI/R = Income Indicator of Value

Where:
NOI = Net Operating Income
PGR = Potential Gross Rent
VCL = Vacancy and Collection Loss
FE = Fixed Expenses
VE = Variable Expenses
R = Discount Rate or Cost of Capital

A variation of the income model is:

NOI for year 1 x DF for year 1 = PW of year 1 NOI
NOI for year n x DF for year n = PW of year n NOI
Net Reversion x DF for year n = PW of Reversion
Sum of PW's for all years 1 - n = Income Indicator of Value

Where:
DF = Discount Factor
PW = Present Worth
n = Last year of holding period

Market Data Approach

ASPCP/U = PU
PU x SU = Market Data Indicator of Value

Where:
ASPCP = Adjusted Sales Price of Comparable Property
U = Unit of comparison
PU = Price per Unit of comparison
ASPU = Adjusted Sales Price per Unit of comparison
SU = Subject Property's number of Units of comparison

In reconciling multiple model results for a property the appraiser considers the model results that best address the individual characteristics of the subject property and that are based on the most reliable data 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 computer-assisted 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. Lastly, Capitol Appraisal Group's industrial appraisal methods and procedures are subject to review by the Property Tax Division of the Texas Comptroller's office. The Comptroller's review as well as comparisons with single-property appraisals indicate the validity of the models and the calibration techniques employed.