GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 19, 2018

Ken Baugh
Superintendent
Culberson County-Allamoore Independent School District
400 West 7th Street
Van Horn, Texas 79855-0899

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Culberson County-Allamoore Independent School District and Targa Delaware, LLC, Application 1261

Dear Superintendent Baugh:

On July 25, 2018, the Comptroller issued written notice that Targa Delaware, LLC (applicant) submitted a completed application (Application 1261) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on May 22, 2018, to the Culberson County-Allamoore Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.

[1] All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d)	Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1261.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2018.

Note that any building or improvement existing as of the application review start date of July 25, 2018, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Targa Delaware, LLC (project) applying to Culberson County-Allamoore Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Targa Delaware, LLC.

Applicant	Targa Delaware, LLC – Peregrine Plant
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Culberson County-Allamoore ISD
Estimated 2016-2017 Average Daily Attendance	373
County	Culberson County
Proposed Total Investment in District	$110,000,000
Proposed Qualified Investment	$110,000,000
Limitation Amount	$25,000,000
Qualifying Time Period (Full Years)	2019-2020
Number of new qualifying jobs committed to by applicant	10
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$850
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$850
Minimum annual wage committed to by applicant for qualified jobs	$44,207
Minimum weekly wage required for non-qualifying jobs	$829
Minimum annual wage required for non-qualifying jobs	$43,122
Investment per Qualifying Job	$11,000,000
Estimated M&O levy without any limit (15 years)	$12,745,200
Estimated M&O levy with Limitation (15 years)	$6,354,400
Estimated gross M&O tax benefit (15 years)	$6,390,800

Table 2 is the estimated statewide economic impact of Targa Delaware, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	150	180	330	$6,631,050	$15,196,923	$21,827,973
2019	160	228	388.143	$7,073,120	$20,679,041	$27,752,161
2020	10	71	81	$442,070	$8,074,133	$8,516,203
2021	10	47	57	$442,070	$6,234,160	$6,676,230
2022	10	30	40	$442,070	$4,833,736	$5,275,806
2023	10	21	31	$442,070	$3,959,627	$4,401,697
2024	10	18	28	$442,070	$3,510,725	$3,952,795
2025	10	18	28	$442,070	$3,434,245	$3,876,315
2026	10	21	31	$442,070	$3,590,049	$4,032,119
2027	10	24	34	$442,070	$3,906,094	$4,348,164
2028	10	28	38	$442,070	$4,306,688	$4,748,758
2029	10	31	41	$442,070	$4,755,672	$5,197,742
2030	10	33	43	$442,070	$5,073,933	$5,516,003
2031	10	34	44	$442,070	$5,448,500	$5,890,570
2032	10	36	46	$442,070	$5,824,377	$6,266,447
2033	10	37	47	$442,070	$6,183,617	$6,625,687
2034	10	37	47	$442,070	$6,519,144	$6,961,214

Source: CPA REMI, Targa Delaware, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Culberson County-allamoore ISD I&S Tax Levy	Culberson County-allamoore ISD M&O Tax Levy	Culberson County-allamoore ISD M&O and I&S Tax Levies	Culberson County Tax Levy	Culberson County Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.4566	1.0400		0.2339	0.1837	
2020	$95,000,000	$95,000,000		$433,752	$988,000	$1,421,752	$222,186	$174,544	$1,818,481
2021	$93,100,000	$93,100,000		$425,077	$968,240	$1,393,317	$217,742	$171,053	$1,782,112
2022	$91,200,000	$91,200,000		$416,402	$948,480	$1,364,882	$213,299	$167,562	$1,745,742
2023	$89,300,000	$89,300,000		$407,727	$928,720	$1,336,447	$208,855	$164,071	$1,709,373
2024	$87,400,000	$87,400,000		$399,052	$908,960	$1,308,012	$204,411	$160,580	$1,673,003
2025	$85,500,000	$85,500,000		$390,377	$889,200	$1,279,577	$199,967	$157,089	$1,636,633
2026	$83,600,000	$83,600,000		$381,702	$869,440	$1,251,142	$195,524	$153,598	$1,600,264
2027	$81,700,000	$81,700,000		$373,027	$849,680	$1,222,707	$191,080	$150,107	$1,563,894
2028	$79,800,000	$79,800,000		$364,352	$829,920	$1,194,272	$186,636	$146,617	$1,527,524
2029	$77,900,000	$77,900,000		$355,677	$810,160	$1,165,837	$182,193	$143,126	$1,491,155
2030	$76,000,000	$76,000,000		$347,002	$790,400	$1,137,402	$177,749	$139,635	$1,454,785
2031	$74,100,000	$74,100,000		$338,327	$770,640	$1,108,967	$173,305	$136,144	$1,418,416
2032	$72,200,000	$72,200,000		$329,651	$750,880	$1,080,531	$168,861	$132,653	$1,382,046
2033	$70,300,000	$70,300,000		$320,976	$731,120	$1,052,096	$164,418	$129,162	$1,345,676
2034	$68,400,000	$68,400,000		$312,301	$711,360	$1,023,661	$159,974	$125,671	$1,309,307
			Total	$5,595,400	$12,745,200	$18,340,600	$2,866,199	$2,251,611	$23,458,411

Source: CPA, Targa Delaware, LLC
*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Culberson County and Culberson County Hospital District, with all property tax incentives sought using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Culberson County-allamoore ISD I&S Tax Levy	Culberson County-allamoore ISD M&O Tax Levy	Culberson County-allamoore ISD M&O and I&S Tax Levies	Culberson County Tax Levy	Culberson County Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.4566	1.0400		0.2339	0.1837	
2020	$95,000,000	$25,000,000		$433,752	$260,000	$693,752	$0	$174,544	$868,295
2021	$93,100,000	$25,000,000		$425,077	$260,000	$685,077	$65,323	$171,053	$921,452
2022	$91,200,000	$25,000,000		$416,402	$260,000	$676,402	$117,314	$167,562	$961,278
2023	$89,300,000	$25,000,000		$407,727	$260,000	$667,727	$156,641	$164,071	$988,439
2024	$87,400,000	$25,000,000		$399,052	$260,000	$659,052	$183,970	$160,580	$1,003,602
2025	$85,500,000	$25,000,000		$390,377	$260,000	$650,377	$199,967	$157,089	$1,007,433
2026	$83,600,000	$25,000,000		$381,702	$260,000	$641,702	$195,524	$153,598	$990,824
2027	$81,700,000	$25,000,000		$373,027	$260,000	$633,027	$191,080	$150,107	$974,214
2028	$79,800,000	$25,000,000		$364,352	$260,000	$624,352	$186,636	$146,617	$957,604
2029	$77,900,000	$25,000,000		$355,677	$260,000	$615,677	$182,193	$143,126	$940,995
2030	$76,000,000	$76,000,000		$347,002	$790,400	$1,137,402	$177,749	$139,635	$1,454,785
2031	$74,100,000	$74,100,000		$338,327	$770,640	$1,108,967	$173,305	$136,144	$1,418,416
2032	$72,200,000	$72,200,000		$329,651	$750,880	$1,080,531	$168,861	$132,653	$1,382,046
2033	$70,300,000	$70,300,000		$320,976	$731,120	$1,052,096	$164,418	$129,162	$1,345,676
2034	$68,400,000	$68,400,000		$312,301	$711,360	$1,023,661	$159,974	$125,671	$1,309,307
			Total	$5,595,400	$6,354,400	$11,949,800	$2,322,955	$2,251,611	$16,524,366
			Diff	$0	$6,390,800	$6,390,800	$543,245	$0	$6,934,045
Assumes School Value Limitation and Tax Abatements with the County.									

Source: CPA, Targa Delaware, LLC

*Tax Rate per $100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that Targa Delaware, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	$0	$0	$0	$0
	2018	$0	$0	$0	$0
	2019	$104,000	$104,000	$0	$0
Limitation Period (10 Years)	2020	$260,000	$364,000	$728,000	$728,000
	2021	$260,000	$624,000	$708,240	$1,436,240
	2022	$260,000	$884,000	$688,480	$2,124,720
	2023	$260,000	$1,144,000	$668,720	$2,793,440
	2024	$260,000	$1,404,000	$648,960	$3,442,400
	2025	$260,000	$1,664,000	$629,200	$4,071,600
	2026	$260,000	$1,924,000	$609,440	$4,681,040
	2027	$260,000	$2,184,000	$589,680	$5,270,720
	2028	$260,000	$2,444,000	$569,920	$5,840,640
	2029	$260,000	$2,704,000	$550,160	$6,390,800
Maintain Viable Presence (5 Years)	2030	$790,400	$3,494,400	$0	$6,390,800
	2031	$770,640	$4,265,040	$0	$6,390,800
	2032	$750,880	$5,015,920	$0	$6,390,800
	2033	$731,120	$5,747,040	$0	$6,390,800
	2034	$711,360	$6,458,400	$0	$6,390,800
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	$691,600	$7,150,000	$0	$6,390,800
	2036	$671,840	$7,821,840	$0	$6,390,800
	2037	$652,080	$8,473,920	$0	$6,390,800
	2038	$632,320	$9,106,240	$0	$6,390,800
	2039	$612,560	$9,718,800	$0	$6,390,800
	2040	$592,800	$10,311,600	$0	$6,390,800
	2041	$573,040	$10,884,640	$0	$6,390,800
	2042	$553,280	$11,437,920	$0	$6,390,800
	2043	$533,520	$11,971,440	$0	$6,390,800
	2044	$513,760	$12,485,200	$0	$6,390,800

$12,485,200 is greater than **$6,390,800**

Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.
Source: CPA, Targa Delaware, LLC

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that "the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state." This represents the basis for the Comptroller's determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sourc es that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Targa Delaware, LLC's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per Targa Delaware, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "Targa's pipeline footprint provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation."
  B. "As the primary available property tax incentive in Texas, a 313 agreement is vital to the proposed Gas Plant economics just as potential customer response will be. Both factors will be considered before any determination is made. At this time, the company is considering other locations in Southern New Mexico for the same capital expenditures. That is due to offers of Industrial Revenue Bonds (abatements) and Job Training incentive programs."
- Per Targa Delaware, LLC in Tab 3 of their application Targa Resources Corp. is the applicant's parent company.
- Per the April 28, 2018 transmittal letter written by Mike Fry to Ken Baugh, Culberson County-Allamoore ISD, "Targa Delaware, LLC is considering plans to build The Peregrine Plant, a 250mmscf/d gas processing plant within the Culberson County – Allamoore ISD boundary. That would allow Targa Delaware the ability to process raw natural gas into useable products."
- Targa Resources Corp. has made public announcements about the project.
  A. According to the Targa Resources Corp. news release dated March 27, 2018,
     - "Targa Resources Corp... announced today that it has entered into long-term fee-based agreements with an investment grade energy company for natural gas gathering and processing services in the Delaware Basin and for downstream transportation, fractionation and other related services. The agreements with Targa are underpinned by the customer's dedication of significant acreage within a large, well-defined area in the Delaware Basin."

- "'We are very pleased to have entered into agreements to provide services across our integrated platform supported by a large acreage position held by a major Delaware Basin customer. This is a significant extension of our multi-plant, multi-system Delaware footprint, adding infrastructure through the core of the Delaware Basin.' ... said Joe Bob Perkins, Chief Executive Officer of the Company."
- "In the Delaware Basin, supported by the significant near-term volume growth expected on the dedicated acreage, Targa will construct approximately 220 miles of 12 to 24 inch high pressure rich gas gathering pipelines across some of the most prolific parts of the Delaware Basin, a new 250 million cubic feet per day ("MMcf/d") cryogenic natural gas processing plant (the "Falcon Plant") in the Delaware that is expected to begin operations in the fourth quarter of 2019, and a second 250 MMcf/d cryogenic natural gas processing plant (the "Peregrine Plant") in the Delaware that is expected to begin operations in the second quarter of 2020. Total net growth capex related to the plants and high pressure pipeline system is approximately $500 million, with approximately $200 million expected to be spent in 2018."

B. According to a May 3, 2013 *Targa Resources Corp. Securities and Exchange Commission Form 10-K Report Filing*,
   - "In March 2018, we announced that we entered into long-term fee-based agreements with an investment grade energy company for natural gas gathering and processing services in the Delaware Basin and for downstream transportation, fractionation and other related services. We will construct approximately 220 miles of 12- to 24-inch high pressure rich gas gathering pipelines across the Delaware Basin, a new 250 MMcfd cryogenic natural gas processing plant (the "Falcon Plant") in the Delaware Basin that is expected to begin operations in the fourth quarter of 2019, and a second 250 MMcf/d cryogenic natural gas processing plant in Culberson County (the "Peregrine Plant") in the Delaware Basin that is expected to begin operations in the second quarter of 2020."
   - "We will provide NGL transportation services on Grand Prix and fractionation services at our Mont Belvieu complex for a majority of the NGLs from the Falcon and Peregrine Plants. Total growth capital expenditures related to the plants and high pressure pipeline system are approximately $500 million, with approximately $200 million expected to be spent in 2018."

C. The company has highlighted the project in its recent investor presentation materials. Targa Resources Corp. "Announces Delaware Basin and Grand Prix Expansions," March 2018 and Targa Resources Corp. "Investor Presentation," May 2018

D. In a Targa Resources Corp. Q1 2018 Results Earnings Conference Call May 3, 2018 transcribed by Seeking Alpha noted the following:
   - Joe Bob Perkins – CEO – "Commercially, we announced significant additional Delaware Basin processing expansions supported by long-term fee-based agreements to provide gathering, processing and downstream transportation, fractionation and other related services with a well-positioned investment-grade energy company."
   - Matt Meloy – President – "Our recently announced Delaware Basin expansion include the 220-mile high-pressure rates gas header system and two new 250 million cubic feet per day cryogenic natural gas processing. The Falcon and Peregrine plants are scheduled to be completed in the fourth quarter of 2019 and the second quarter of 2020 respectively. As part of the agreement, underpinning the expansion plan, Targa will also provide transportation services on Grand Prix and fractionation services at its Mont Belvieu complex for a majority of the NGLs from the Falcon and Peregrine Plants."

- A March 28, 2018 *Natural Gas Intelligence* article reported that "Targa Resources Corp. said this week that it has entered long-term fee-based agreements with an undisclosed producer that will find it spending $500 million to expand natural gas gathering and processing services in the Permian Basin's Delaware sub-basin." . Furthermore:

A. "The company also said that it would extend its Grand Prix natural gas liquids (NGL) pipeline that's currently under construction into southern Oklahoma. The system, which was announced last year, would connect the Permian and the company's North Texas gathering system to its fractionation and storage complex at the NGL market hub at Mont Belvieu, TX."

B. "Targa said it would build 220 miles of 12- to 24-inch high pressure rich gas gathering pipelines across parts of the Delaware sub-basin. Under the fee-based agreements, plans also call for a new 250 MMcf/d cryogenic natural gas processing plant that is to be called the Falcon Plant and enter service in the Delaware in 4Q2019. A second 250 MMcf/d processing plant that's to be called the Peregrine Plant would enter service there in 2Q2020."
C. "The company said it would also provide NGL transportation services on Grand Prix and fractionation services at its Mont Belvieu complex for a majority of the NGLs from the Falcon and Peregrine plants."

- A March 28, 2018 *Midstream Business* article reported the following:
  A. "Targa Resources Corp. (NYSE: TRGP) said March 27 that it has entered into long-term fee-based agreements with an investment grade energy company for natural gas gathering and processing services in the Delaware Basin and for downstream transportation, fractionation and other related services. The agreements with Targa are underpinned by the customer's dedication of significant acreage within a large, well-defined area in the Delaware Basin."
  B. "'The investments are aligned with our strategic objectives of leveraging existing Targa infrastructure to further strengthen our competitive position from gathering and processing through transportation, fractionation and other related services to meet the infrastructure needs of our customers.' [said Joe Bob Perkins, CEO of the company.]"
  C. "In the Delaware Basin, supported by the significant near-term volume growth expected on the dedicated acreage, Targa will construct approximately 220 miles of 12- to 24-inch high pressure rich gas gathering pipelines across some of the most prolific parts of the Delaware Basin, a new 250 million cubic feet per day (MMcf/d) cryogenic natural gas processing plant (Falcon Plant) in the Delaware that is expected to begin operations in fourth-quarter 2019, and a second 250 MMcf/d cryogenic natural gas processing plant (Peregrine Plant) in the Delaware that is expected to begin operations in second-quarter 2020. Total net growth capex related to the plants and high-pressure pipeline system is approximately $500 million, with approximately $200 million expected to be spent in 2018."
- A May 4, 2018 *The Van Horn Advocate* article reported, "The Culberson County-Allamoore ISD Board of Trustees met in Regular Session on April 30. Supt. Ken Baugh introduced a Chapter 313 Value Limitation Application prepared by Targa Delaware LLC (Targa) for the construction of a gas production plant in the north part of Culberson County. If approved, Targa has funds in hand and is ready to start the one-year construction project. Baugh indicated that Targa is also planning to submit an application for a second plant. The estimated value of each plant is $110 million. The application requests a limitation on the taxable value of the project for a certain amount of time in exchange for the construction and creation of new jobs in the district."
- A May 31, 2018 *The Van Horn Advocate* article described the following:
  A. "Doug Carr, financial advisor, gave an overview of the Chapter 313 Value Limitation Agreement process to the Board ... discussed the advantages and disadvantages of these agreements and provided financial scenarios to show the impact on the District's revenue. ...For each agreement, the District will receive a payment-in-lieu-of-taxes of at least $50,000/year which is not subject to recapture by the state. At this time, there are four potential applications: two solar projects and two gas production plants."
  B. "Sara Leon of Powell and Leon provided the board an outline of the process going forward should the District decide to participate in the Chapter 313 Value Limitation Agreements. Once the District accepts an application, it is a four to six-month review and approval process through the Texas Comptroller's office. Leon noted that this is actually a state program designed to have no negative financial impacts on school districts."
  C. "Mike Frye [*sic*], representing Targa Delaware LLC, briefed the Board on the two applications that have been submitted to the District for the gas production plants."
  D. The project was discussed in the public arena – move up towards the beginning:
  E. "The Board unanimously accepted the two applications for the Chapter 313 Value Limitation Agreements from Targa Delaware LLC for two gas production plants to be located in the northern

portion of Culberson County. The applications will be reviewed for completeness and submitted to the Comptroller of Public Accounts."

Supporting Information

a) Section 8 of the Application for a Limitation on Appraised Value
b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

AMENDMENT 1 [6/27/18]

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1.	Are you an entity subject to the tax under Tax Code, Chapter 171?	☑ Yes	☐ No
2.	The property will be used for one of the following activities:		
	(1) manufacturing	☑ Yes	☐ No
	(2) research and development	☐ Yes	☑ No
	(3) a clean coal project, as defined by Section 5.001, Water Code	☐ Yes	☑ No
	(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code	☐ Yes	☑ No
	(5) renewable energy electric generation	☐ Yes	☑ No
	(6) electric power generation using integrated gasification combined cycle technology	☐ Yes	☑ No
	(7) nuclear electric power generation	☐ Yes	☑ No
	(8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)	☐ Yes	☑ No
	(9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051	☐ Yes	☑ No
3.	Are you requesting that any of the land be classified as qualified investment?	☐ Yes	☑ No
4.	Will any of the proposed qualified investment be leased under a capitalized lease?	☐ Yes	☑ No
5.	Will any of the proposed qualified investment be leased under an operating lease?	☐ Yes	☑ No
6.	Are you including property that is owned by a person other than the applicant?	☐ Yes	☑ No
7.	Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?	☐ Yes	☑ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

2. Check the project characteristics that apply to the proposed project:

- ☑ Land has no existing improvements
- ☐ Land has existing improvements *(complete Section 13)*
- ☐ Expansion of existing operation on the land *(complete Section 13)*
- ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1.	Does the applicant currently own the land on which the proposed project will occur?	☑ Yes	☐ No
2.	Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?	☐ Yes	☑ No
3.	Does the applicant have current business activities at the location where the proposed project will occur?	☐ Yes	☑ No
4.	Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?	☑ Yes	☐ No
5.	Has the applicant received any local or state permits for activities on the proposed project site?	☐ Yes	☑ No
6.	Has the applicant received commitments for state or local incentives for activities at the proposed project site?	☐ Yes	☑ No
7.	Is the applicant evaluating other locations not in Texas for the proposed project?	☑ Yes	☐ No
8.	Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?	☐ Yes	☑ No
9.	Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?	☐ Yes	☑ No
10.	Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?	☑ Yes	☐ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

Limitation is a Determining Factor:

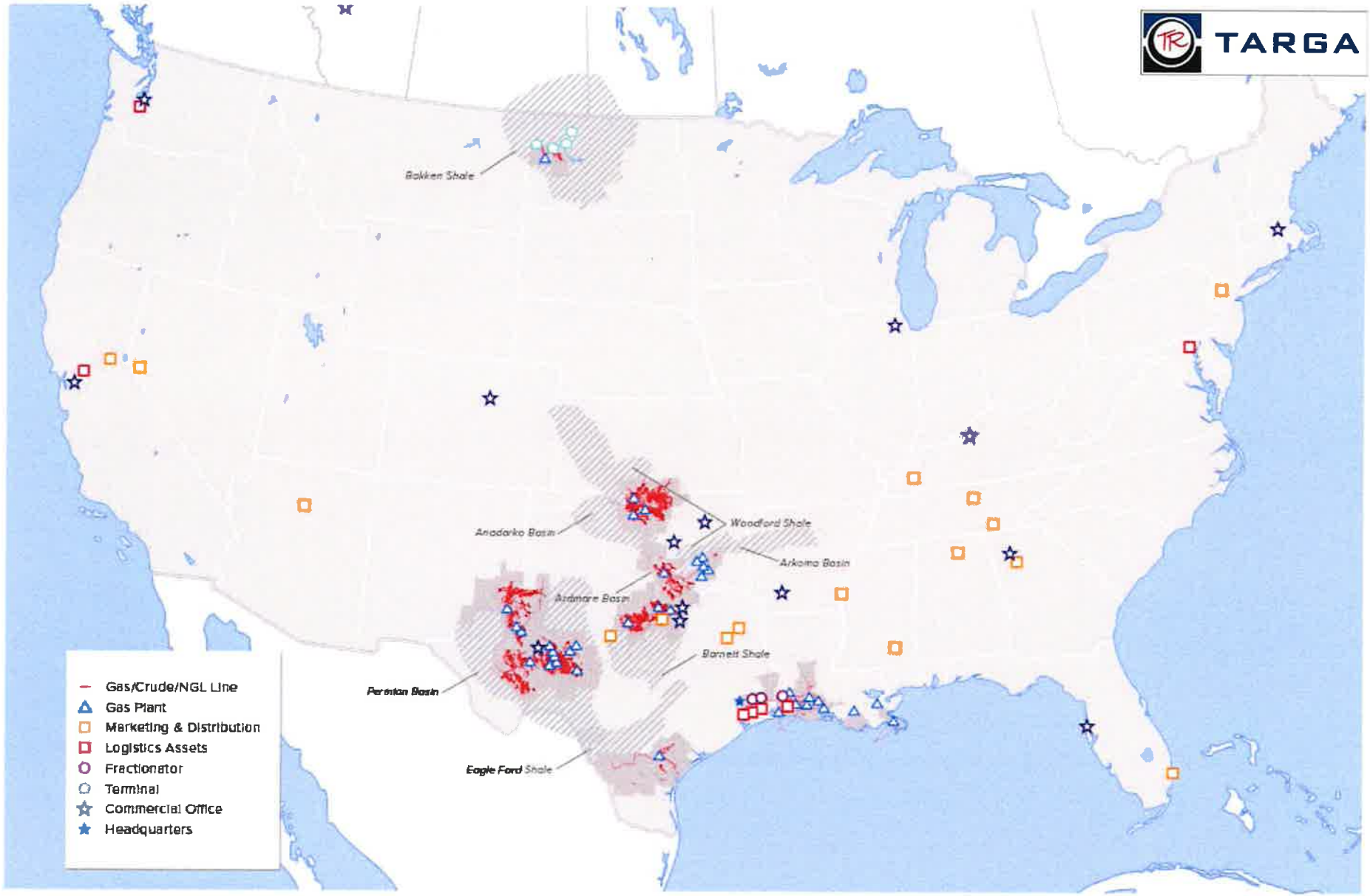
Targa Resources, LP (or "the Company") is a leading midstream energy company whose primary activities include:

- Gathering, treating, processing and transporting natural gas and natural gas liquids to a variety of markets and states
- Storing, fractionating, treating, transporting, and selling NGL's and NGL products, including services to LPG exporters
- Gathering, storing, and terminaling crude oil
- Storing, terminaling, and selling refined petroleum products

Targa currently operates over 27,000 miles of pipeline, 40 gas processing plants, 4 G&P crude terminals, 2 fractionation locations, 1 hydrotreater facility, 1 gas treating facility, 18 NGL terminals, 3 petroleum logistics facilities, and 2 storage facilities. There are also transportation assets, including 700 railcars, 90 tractors, and 20 barges. Locations for these operations included Arizona, Florida, Kansas, Louisiana, Maryland, Mississippi, North Dakota, New Mexico, Oklahoma, Texas, and Washington.

Targa's pipeline footprint provides substantial flexibility in where future facilities or investments may be located. Capital investments are allocated to projects and locations based on expected economic return and property tax liabilities can make up a substantial ongoing cost of operation.

As the primary available property tax incentive in Texas, a 313 agreement is vital to the proposed Gas Plant economics just as potential customer response will be. Both factors will be considered before any determination is made. At this time, the company is considering other locations in Southern New Mexico for the same capital expenditures. That is due to offers of Industrial Revenue Bonds (abatements) and Job Training incentive programs.


TARGA
Bakken Shale
Anadarko Basin
Woodford Shale
Arkoma Basin
Ardmore Basin
Barnett Shale
Permian Basin
Eagle Ford Shale
Gas/Crude/NGL Line
Gas Plant
Marketing & Distribution
Logistics Assets
Fractionator
Terminal
Commercial Office
Headquarters

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

Franchise Tax

2017 Annual Extension Request

Confirmation

You Have Filed Successfully

Please do NOT send a paper form

Print this page for your records

Submission ID: 35721746
Date and Time of Filing: 03/22/2017 10:19:21 AM

Taxpayer ID: 12037010753
Taxpayer Name: TARGA RESOURCES CORP.
Taxpayer Address: 1000 LOUISIANA ST STE 4300 ATTN: TAX DEPT HOUSTON, TX 77002 - 5036

Entered By: Kristi D Williams
Email Address: kwilliams@targaresources.com
Telephone Number: (713) 584-1537
IP Address: 63.123.92.157

Extension Request	
Is this the reporting entity of a combined group?	Yes
Will this Extension Request include a payment?	No

Mailing Address	
Street Address:	1000 LOUISIANA ST STE 4300 ATTN: TAX DEPT
City:	HOUSTON
State:	TX
Zip Code:	77002 - 5036
Country:	USA

Legal Name of Affiliate	Affiliate Taxpayer Number	Does this Affiliate have Nexus?
Targa Energy GP LLC	32056961710	Yes
Targa Energy LP	32056961637	Yes
Targa Resources Investments Sub Inc.	32033207716	Yes
TRI Resources Inc.	17431170582	Yes
Targa Resources LLC	11419043325	Yes
Targa Resources Finance Corporation	32033207666	Yes
Targa GP Inc.	32026319643	Yes
Targa LP Inc.	32026319551	Yes
Targa America Mid-Continent Inc.	12013894873	Yes
Targa Resources GP LLC	32025591598	Yes
Targa Versado Holdings LP.	32042395056	Yes
Targa Midstream Services LLC	17605078918	Yes
Targa Louisiana Intrastate LLC	32033207542	Yes
Targa Gas Marketing LLC	11137626807	Yes
Targa Gas Pipeline LLC	32037888701	Yes
Targa Liquids Marketing & Trade LLC	32038252865	Yes
Targa Receivables LLC	32049618690	Yes
Targa Gas Processing LLC	32045186205	Yes
Targa Intrastate Pipeline LLC	17606348369	Yes
Versado Gas Processors LLC	17605719362	Yes
Targa Downstream LLC	32035001109	Yes

April 28th, 2018

Culberson County – Allamoore ISD
Mr. Ken Baugh
400 West 7th Street
Van Horn, TX 79855-0899

RE: Application for Section 313 – Value Limitation Agreement

Targa Delaware, LLC is considering plans to build The Peregrine Plant, a 250mmscf/d gas processing plant within the Culberson County – Allamoore ISD boundary. That would allow Targa Delaware the ability to process raw natural gas into useable products. The estimated total investment for this proposed project will be approximately $110mm, with estimated completion in the 3rd quarter of 2019.

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

Targa Delaware, LLC is committed to the growth and welfare of the community. Targa believes the investment in Culberson County affirms their dedication to maintaining a considerable presence in the area.

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

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

Sincerely,

Mike Fry

Mike Fry

TARGA

811 Louisiana, Suite 2100
Houston, TX 77002
713.584.1000

Targa Resources Announces Additional Delaware Basin Processing Expansions, an Extension of its Grand Prix NGL Pipeline into Oklahoma and Potential Asset Sales

Also Posts Updated Investor Presentation

HOUSTON, TX – March 27, 2018 – Targa Resources Corp. (NYSE: TRGP) ("Targa" or the "Company") announced today that it has entered into long-term fee-based agreements with an investment grade energy company for natural gas gathering and processing services in the Delaware Basin and for downstream transportation, fractionation and other related services. The agreements with Targa are underpinned by the customer's dedication of significant acreage within a large, well-defined area in the Delaware Basin.

The Company also announced an extension of its new common carrier natural gas liquids ("NGL") pipeline currently under construction ("Grand Prix") into southern Oklahoma. The pipeline expansion is underpinned by significant long-term commitments for both transportation and fractionation services from Targa's existing and future processing plants in the Arkoma area in its SouthOK system and from third party commitments, including a significant long-term commitment for transportation and fractionation with Valiant Midstream, LLC ("Valiant").

"We are very pleased to have entered into agreements to provide services across our integrated platform supported by a large acreage position held by a major Delaware Basin customer. This is a significant extension of our multi-plant, multi-system Delaware footprint, adding infrastructure through the core of the Delaware Basin. Also, the expansion of our Grand Prix NGL Pipeline into Oklahoma is an attractive extension of a highly strategic asset for Targa, enhancing the capabilities we can offer our existing and potential customers in southern Oklahoma," said Joe Bob Perkins, Chief Executive Officer of the Company. "The investments are aligned with our strategic objectives of leveraging existing Targa infrastructure to further strengthen our competitive position from gathering and processing through transportation, fractionation and other related services to meet the infrastructure needs of our customers."

Delaware Basin Processing Expansions

In the Delaware Basin, supported by the significant near-term volume growth expected on the dedicated acreage, Targa will construct approximately 220 miles of 12 to 24 inch high pressure rich gas gathering pipelines across some of the most prolific parts of the Delaware Basin, a new 250 million cubic feet per day ("MMcf/d") cryogenic natural gas processing plant (the "Falcon Plant") in the Delaware that is expected to begin operations in the fourth quarter of 2019, and a second 250 MMcf/d cryogenic natural gas processing plant (the "Peregrine Plant") in the Delaware that is expected to begin operations in the second quarter of 2020. Total net growth capex related to the plants and high pressure pipeline system is approximately $500 million, with approximately $200 million expected to be spent in 2018.

Targa will also provide NGL transportation services on Grand Prix and fractionation services at its Mont Belvieu complex for a majority of the NGLs from the Falcon and Peregrine plants.

Grand Prix NGL Pipeline Extension into Oklahoma

The Grand Prix extension into Oklahoma will be anchored by significant long-term commitments for both transportation and fractionation services from Targa's existing and future processing plants in the Arkoma area in its SouthOK system and from third party commitments, including a significant long-term commitment for transportation and fractionation with Valiant. The Company continues to expect Grand Prix to be fully completed and in service in the second quarter of 2019.

Once completed, the capacity of Grand Prix from North Texas, where Permian and Oklahoma volumes will be connected to a 30 inch diameter segment of the pipeline to Mont Belvieu, will be approximately 450 thousand barrels per day, expandable to 950 thousand barrels per day. The capacity on the 24 inch diameter pipeline from the Permian Basin to North Texas will be approximately 300 thousand barrels per day, expandable to 550 thousand barrels per day. The capacity from southern Oklahoma to North Texas will vary based on telescoping pipe size. The vast majority of the pipe for Grand Prix has already been purchased.

As one of the largest gatherers and processors of natural gas in the prolific Permian Basin, with approximately 2.0 billion cubic feet per day ("Bcf/d") of current natural gas processing capacity and approximately 1.5 Bcf/d of processing capacity being added across both the Midland Basin and the Delaware Basin, Targa's existing plants and plants in progress will provide significant volumes for transportation on Grand Prix to Targa's assets in Mont Belvieu. Additionally, Targa's current natural gas processing position in North Texas and commitments in the Arkoma area of southern Oklahoma will also provide incremental volumes on Grand Prix to Targa's downstream assets in Mont Belvieu. Targa expects Grand Prix NGL volume deliveries to Mont Belvieu to significantly increase over time and currently estimates deliveries to exceed 250 thousand barrels per day at some point during 2020 depending on upstream production levels. Volumes on Grand Prix are expected to continue to increase beyond 2020 from continued production growth, increasing third party commitments and the expiration of Targa's existing obligations to transport on other third party NGL pipelines, further enhancing Grand Prix's economics.

Targa's total growth capital spending on Grand Prix is now estimated to be approximately $1.65 billion, with net growth capital spending of approximately $1.1 billion and approximately $900 million net expected to be spent in 2018. Targa's total 2018 net growth capital expenditures for announced projects is now expected to be approximately $2.2 billion.

Grand Prix's economics related to the volumes flowing on the pipeline from the Permian Basin to Mont Belvieu are part of the previously announced joint venture with Blackstone Energy Partners and the development joint venture with investment vehicles affiliated with Stonepeak Infrastructure Partners. The economics related to the volumes from North Texas and from the extension into southern Oklahoma will accrue exclusively to Targa.

Potential Asset Sales

Targa continues to evaluate and execute financing opportunities to fund its remaining equity capital needs for its announced projects in 2018, which may include a combination of additional asset joint venture arrangements, various types of public and private capital, and asset sales. The

Company has engaged Evercore Group L.L.C. to evaluate alternatives, including the potential divestiture of its Downstream Petroleum Logistics business, which includes terminals in Baltimore, MD; Tacoma, WA; and its Crude and Condensate Splitter and terminal in Channelview, TX. Targa is also evaluating a potential sale of its marine barge business. These potential divestitures are predicated on third party valuations adequately capturing Targa's forward growth expectations for the assets. Sales proceeds could offset a significant portion of the increase in net growth capital expenditures related to the new projects announced today.

A copy of the presentation slides to accompany these announcements can be accessed on the Company's website in the Investor section under Events and Presentations at www.targaresources.com, or by going directly to http://ir.targaresources.com/trc/events.cfm.

Forward Looking Statements

Certain statements in this press release are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that Targa expects, believes or anticipates will or may occur in the future are forward-looking statements. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside Targa's control, which could cause results to differ materially from those expected by management of Targa. Such risks and uncertainties include, but are not limited to, the timing and extent of changes in commodity prices, interest rates and demand for services, the level and success of crude oil and natural gas drilling around assets, the timing and success of business development efforts, ability to access the capital markets, the amount of collateral required to be posted from time to time in transactions, success in risk management activities, the credit risk of customers, changes in laws and regulations, weather and other uncertainties. These and other applicable uncertainties, factors and risks are described more fully in Targa's Annual Report on Form 10-K for the year ended December 31, 2017 and other reports filed with the Securities and Exchange Commission. Targa undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

About Targa Resources Corp.

Targa Resources Corp. is a leading provider of midstream services and is one of the largest independent midstream energy companies in North America. Targa owns, operates, acquires, and develops a diversified portfolio of complementary midstream energy assets. The Company is primarily engaged in the business of: gathering, compressing, treating, processing, and selling natural gas; storing, fractionating, treating, transporting, and selling NGLs and NGL products, including services to LPG exporters; gathering, storing, terminaling, and selling crude oil; storing, terminaling, and selling refined petroleum products.

For more information, please visit our website at www.targaresources.com.

Contact the Company's investor relations department by email at InvestorRelations@targaresources.com or by phone at (713) 584-1133.

Sanjay Lad
Director - Investor Relations

Jennifer Kneale
Chief Financial Officer

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2018

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-34991

TARGA RESOURCES CORP.

(Exact name of registrant as specified in its charter)

Delaware	**20-3701075**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
811 Louisiana St, Suite 2100, Houston, Texas	**77002**
(Address of principal executive offices)	**(Zip Code)**

(713) 584-1000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☑	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of May 1, 2018, there were 219,475,635 shares of the registrant's common stock, $0.001 par value, outstanding.

Recent Developments

Gathering and Processing Segment Expansion

Permian Midland Processing Expansions

In response to increasing production and to meet the infrastructure needs of producers, we have announced the construction of additional processing plants that further expand the gathering and processing footprint of our Permian Midland system:

- In February 2018, we announced plans to construct two new cryogenic natural gas processing plants, each with a processing capacity of 250 MMcf/d. The first plant, known as the Hopson Plant, is expected to begin operations in the first quarter of 2019. The second plant, known as the Pembrook Plant, is expected to begin operations in the second quarter of 2019.
- In May 2017, we announced plans to build a new 200 MMcf/d cryogenic natural gas processing plant, known as the Johnson Plant, which is expected to begin operations in the third quarter of 2018.
- In November 2016, we announced plans to build the 200 MMcf/d Joyce Plant, which began operations in the first quarter of 2018.

Permian Delaware Processing Expansions

In March 2018, we announced that we entered into long-term fee-based agreements with an investment grade energy company for natural gas gathering and processing services in the Delaware Basin and for downstream transportation, fractionation and other related services. We will construct approximately 220 miles of 12- to 24-inch high pressure rich gas gathering pipelines across the Delaware Basin, a new 250 MMcf/d cryogenic natural gas processing plant (the "Falcon Plant") in the Delaware Basin that is expected to begin operations in the fourth quarter of 2019, and a second 250 MMcf/d cryogenic natural gas processing plant in Culberson County (the "Peregrine Plant") in the Delaware Basin that is expected to begin operations in the second quarter of 2020.

We will provide NGL transportation services on Grand Prix and fractionation services at our Mont Belvieu complex for a majority of the NGLs from the Falcon and Peregrine Plants. Total growth capital expenditures related to the plants and high pressure pipeline system are approximately $500 million, with approximately $200 million expected to be spent in 2018.

In May 2017, we announced plans to build a new plant and further expand the gathering footprint of our Permian Delaware system. This project includes a new 250 MMcf/d cryogenic processing plant, known as the Wildcat Plant, which is expected to begin operations in the second quarter of 2018.

Permian Acquisition

On March 1, 2017, we completed the purchase of 100% of the membership interests of Outrigger Delaware Operating, LLC, Outrigger Southern Delaware Operating, LLC (together "New Delaware") and Outrigger Midland Operating, LLC ("New Midland" and together with New Delaware, the "Permian Acquisition").

We paid $484.1 million in cash at closing on March 1, 2017, and paid an additional $90.0 million in cash on May 30, 2017 (collectively, the "initial purchase price"). Subject to certain performance-based measures and other conditions, additional cash of up to $935.0 million may be payable to the sellers of New Delaware and New Midland in potential earn-out payments that would occur in May 2018 and May 2019. The potential earn-out payments will be based upon a multiple of realized gross margin from contracts that existed on March 1, 2017. The 2018 portion of the earn-out expired with no payment required.

New Delaware's gas gathering and processing and crude gathering assets are located in Loving, Winkler, Pecos and Ward counties. The operations are backed by producer dedications of more than 145,000 acres under long-term, largely fee-based contracts, with an average weighted contract life of 14 years. The New Delaware assets include 70 MMcf/d of processing capacity. In addition, the Oahu Plant, a 60 MMcf/d plant in the Delaware Basin, which was completed in March 2018 and placed into service in April 2018, was added to the New Delaware system. Currently, there is 40 MBbl/d of crude gathering capacity on the New Delaware system.

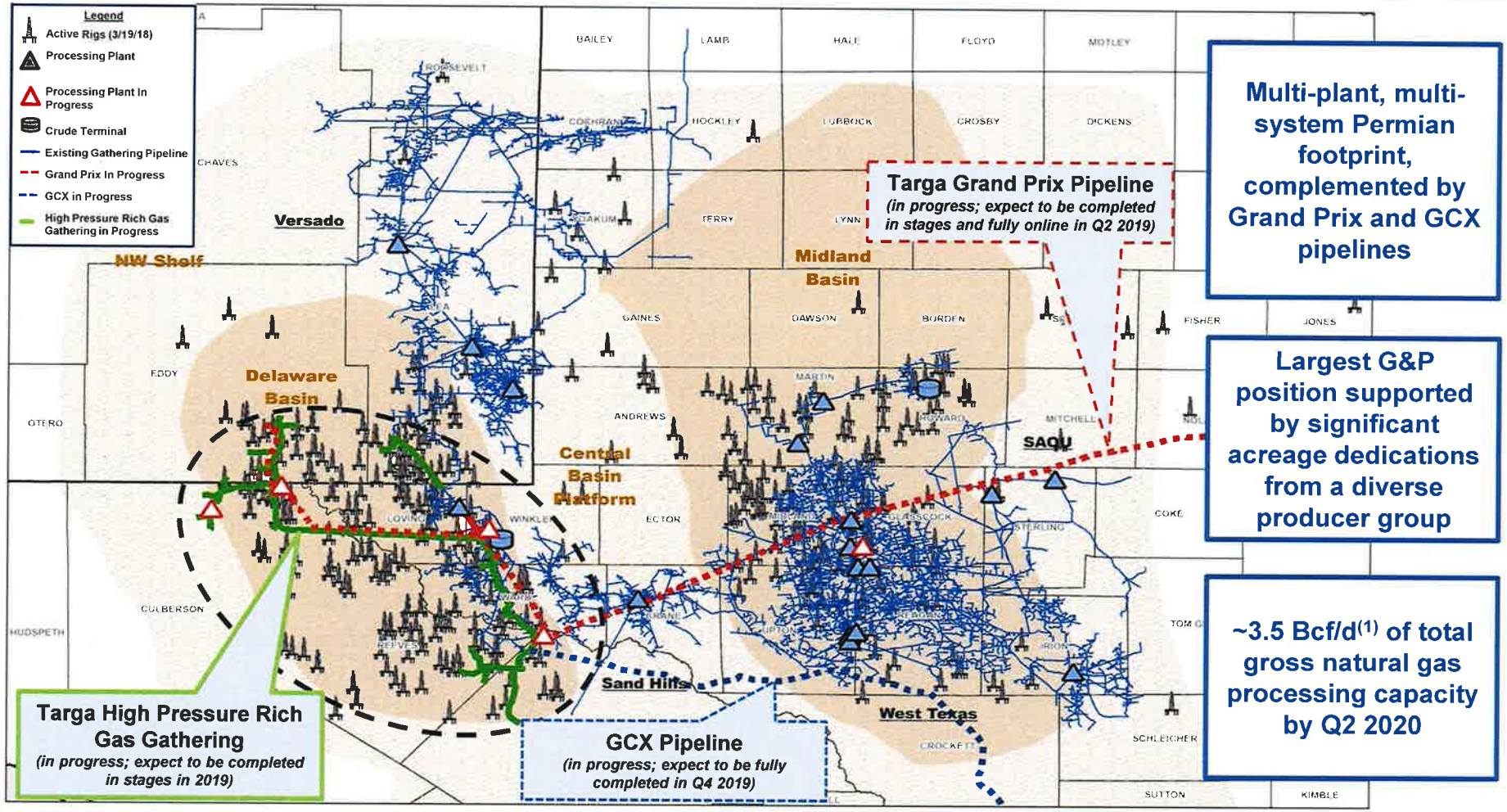
New Midland's gas gathering and processing and crude gathering assets are located in Howard, Martin and Borden counties. The operations are backed by producer dedications of more than 105,000 acres under long-term, largely fee-based contracts, with an average weighted contract life of 13 years. The New Midland assets include 10 MMcf/d of processing capacity. Currently, there is 40 MBbl/d of crude gathering capacity on the New Midland system.

Targa Resources Corp.

Announces Delaware Basin and Grand Prix Expansions
March 2018

TARGA

Targa's Premier Permian Position



Multi-plant, multi-system Permian footprint, complemented by Grand Prix and GCX pipelines

Largest G&P position supported by significant acreage dedications from a diverse producer group

~3.5 Bcf/d[(1)] of total gross natural gas processing capacity by Q2 2020

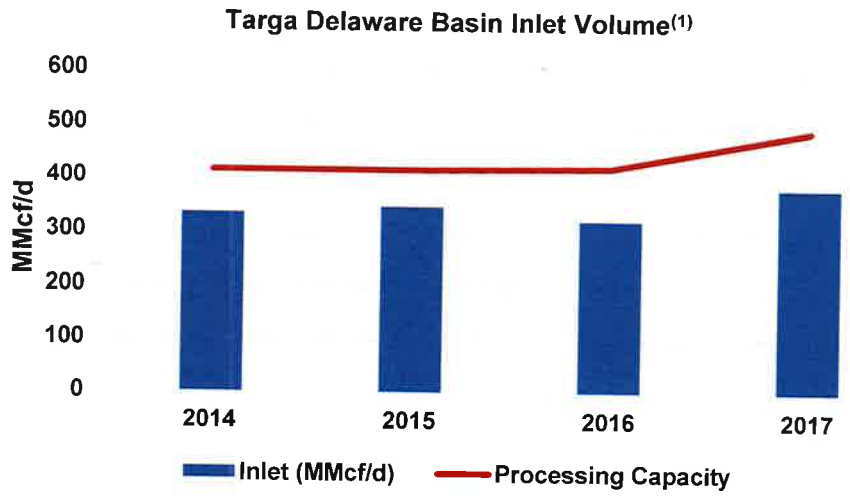
Permian infrastructure position across the Midland and Delaware Basins offers competitive and integrated G&P, NGL transportation and fractionation services to producer customers

Source: Drillinginfo; rigs as of March 19, 2018

(1) Includes the Johnson Plant (expected online Q3 2018), Oahu Plant (expected online Q1 2018), Wildcat Plant (expected online Q2 2018), two additional 250 MMcf/d plants in Permian-Midland expected online in 2019, Falcon Plant (expected online Q4 2019) and Peregrine Plant (expected online Q2 2020); locations for Falcon and Peregrine plants are preliminary and subject to final decision

Permian – Delaware Basin

Expansions to Keep Pace with Growth



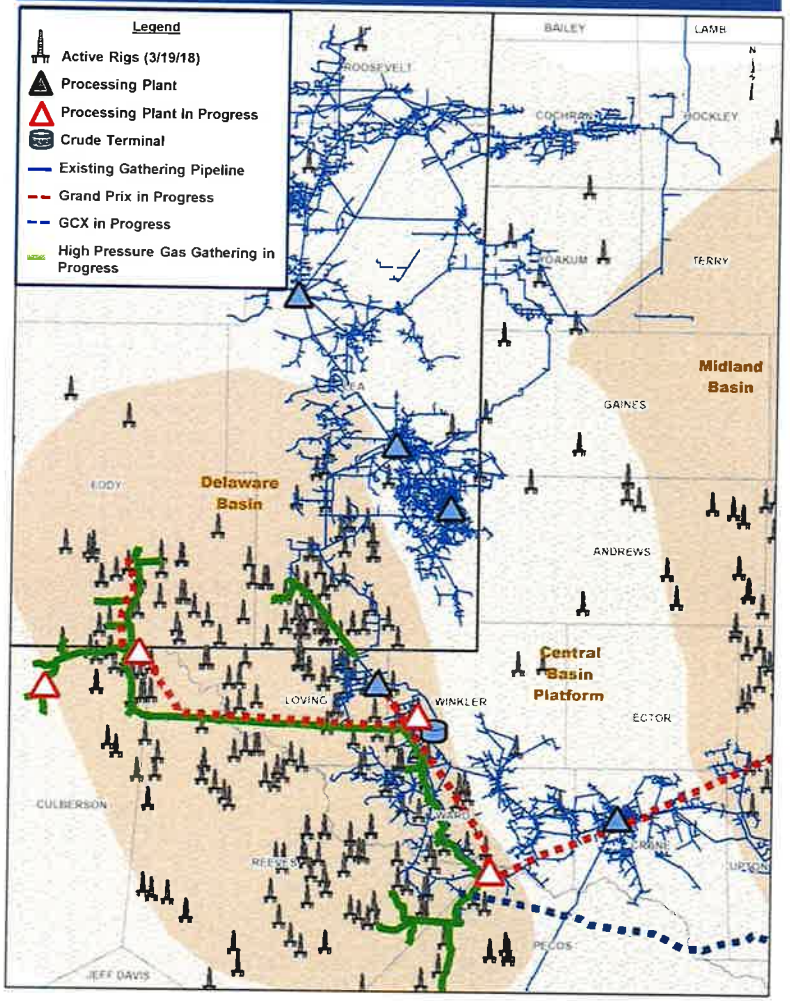
2018 Expansions

- *Announced long-term fee-based agreement for G&P and integrated midstream services with investment grade producer*
- *220-mile rich gas gathering header to be in service in 2019*
- *Oahu Plant online Q1 2018 and Wildcat Plant expected online Q3 2018*
- ***Oahu and Wildcat add 310 MMcf/d of incremental processing capacity***

2019 & 2020 Expansions

- *Falcon and Peregrine Plants expected online Q4 2019 and Q3 2020, respectively(3)*
- *Falcon and Peregrine plants add 500 MMcf/d of incremental processing capacity*
- ***Total Delaware Basin processing capacity of 1.3 Bcf/d by 2020***

Asset Map and Rig Activity(2)



(1) *Average annual as reported natural gas inlet volumes*
(2) *Source: Drillinginfo; rigs as of March 19, 2018*
(3) *Locations for Falcon and Peregrine plants are preliminary and subject to final decision*

Targa's Growing NGL Footprint

Increasing NGL production directs increasing volumes to Grand Prix and Targa's Downstream complex at Mont Belvieu

Existing Plants Total Gross NGL Production (MBbl/d)[1]	Q4 2017	Availability for Grand Prix
Permian	218	Varies[2]
SouthOK / North Texas	78	Near Term / Immediate
Total Gross NGL Production from Existing Plants	**296**	

New Production from Plants Under Construction	Capacity MMcf/d	Theoretical NGLs[3] MBbl/d	Availability for Grand Prix
Permian Midland			
Joyce	200	25 - 30	Medium Term
Johnson	200	25 - 30	Near Term
New Plant 1	250	30 - 35	Immediate
New Plant 2	250	30 - 35	Immediate
Permian Delaware			
Oahu	60	5 - 10	Immediate
Wildcat	250	30 - 35	Immediate
Falcon	250	30 - 35	Immediate
Peregrine	250	30 - 35	Immediate
Total Potential Gross NGLs from Plants Under Construction	*1,710*	*205 - 235*	

Additional NGL Volumes from Third Parties, Plants in Progress, Etc.	
3rd Party Existing + New Plants in Progress	+
Including:	
Valiant Midstream	
EagleClaw Midstream	
Other Non-Public Third Party Commitments	
New Commercial Success	+
Existing Transport Commitments	-
Existing Contractual Limitations	-
Total Potential Volumes for Transport & Fractionation	*500+*

- Targa manages significant NGLs from its existing plants in the Permian, SouthOK and North Texas
- Some of the volumes will be available for immediate shipment on Grand Prix, while other volumes are subject to existing obligations on third party pipelines that will expire over time and other contractual limitations
- Given Targa's announced processing expansions underway in the Permian, and assuming an inlet GPM of 5 to 6, by 2020 Targa's Permian plants will be capable of producing in excess of an incremental 200+ MBbl/d of NGLs

- Targa's gross NGL production from its plants is poised to increase to over 500 MBbl/d by the end of 2020
- Targa will have the ability to direct a meaningful portion of these NGL volumes to Grand Prix
- Additional third party commitments increases volume outlook
- As Targa's existing obligations on other third party pipelines expire, these NGL volumes will transition to Grand Prix
- Increasing volumes on Grand Prix will direct substantial increasing NGLs to Targa's Mont Belvieu fractionation complex

(1) *Q4 2017 gross volumes as reported*
(2) *Certain volumes subject to existing third party NGL transportation dedications*
(3) *Assumes an inlet GPM of 5-6 for the Permian*

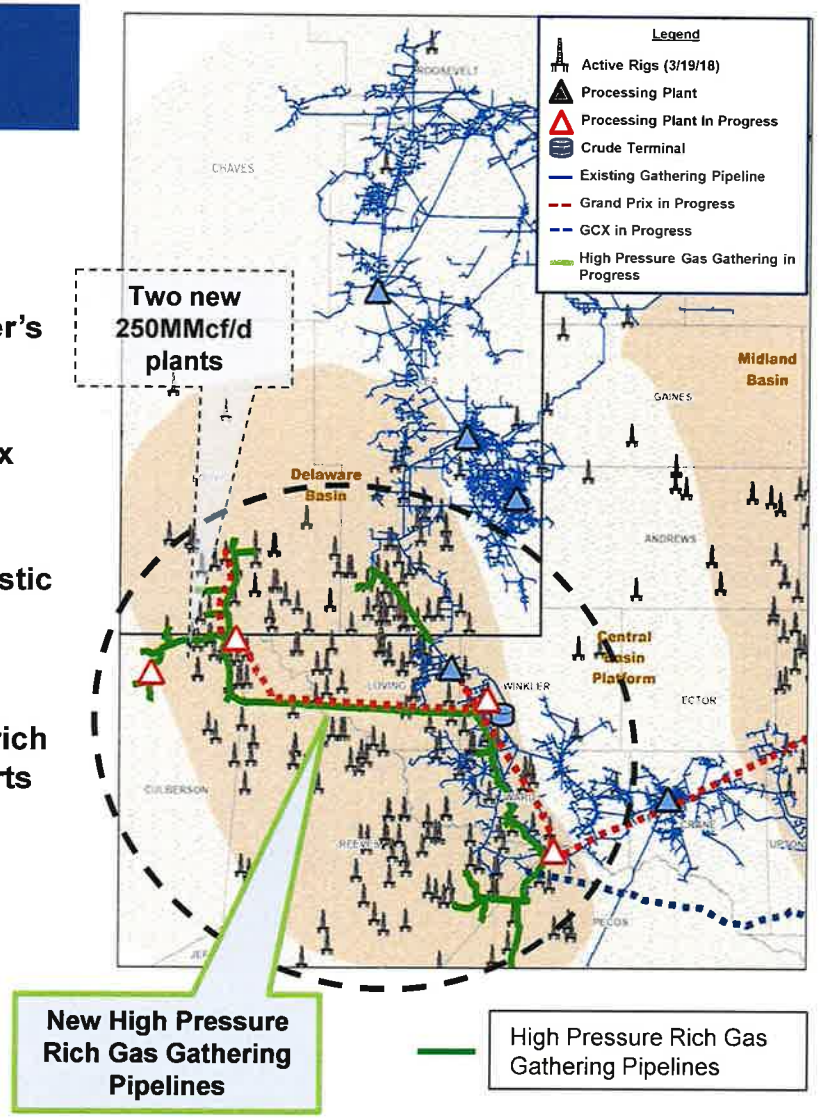
Additional Delaware Basin Processing Expansions

Long-term fee-based agreements to provide integrated midstream services

- Targa entered into long-term fee-based agreements with an investment grade energy company for G&P services in the Delaware Basin and for downstream transportation, fractionation and other related services
- The agreements with Targa are underpinned by the customer's dedication of significant acreage within a large well-defined area in the Delaware Basin
- Targa will also provide transportation services on Grand Prix and fractionation services at its Mont Belvieu complex for a majority of the NGLs from the Falcon and Peregrine Plants
- These volumes will enhance supply availability to key domestic and international markets

Additional Growth Investments in the Delaware

- Targa to construct 220 miles of 12 to 24 inch high pressure rich gas gathering pipelines across some of the most prolific parts of the Delaware Basin
- Significant production growth expected on customer's dedicated acreage; Targa to construct two new 250 MMcf/d cryogenic natural gas processing plants in the Delaware Basin(1):
  - Falcon Plant (expected online Q4 2019)
  - Peregrine Plant (expected online Q2 2020)
- Total cost: ~$500 million (~$200 million to be spent in 2018)



(1) *Locations for Falcon and Peregrine plants are preliminary and subject to final decision*

Infrastructure Investments Focused in the Permian

- **An increasing fee-based and operating margin outlook underpinned by attractive organic growth projects underway, with ~75%(1) of total project capex focused on the Permian Basin**

Permian-Focused Infrastructure Projects	Details	In-Service Date
Midland Basin Processing Expansions	▪ 4 new gas plants, combined 900 MMcf/d incremental processing capacity, and related infrastructure ▪ Supported by long-term producer acreage dedications	1Q18 to 4Q19
Delaware Basin Processing Expansions	▪ 2 new gas plants, combined 310 MMcf/d incremental processing capacity, and related infrastructure ▪ Supported by long-term producer acreage dedications and fee-based contracts	2Q18
Delaware Basin Processing Expansions and Rich Gas Gathering	▪ 2 new gas plants, combined 500 MMcf/d incremental processing capacity, and related infrastructure ▪ 220 miles of 12 to 24 inch diameter high pressure rich gas gathering pipelines ▪ Supported by long-term fee-based contracts with an investment grade energy company	2019 to 2Q20
Grand Prix NGL Pipeline	▪ Common carrier NGL pipeline from Permian Basin to Mont Belvieu with initial capacity of 300 MMbbl/d from Permian; expansion capability to 950 MMbbl/d into Mont Belvieu ▪ Supported by Targa plant production and significant long-term third party transportation & fractionation agreements	2Q19
Gulf Coast Express (GCX) Pipeline	▪ 25% equity interest in 1.98 Bcf/d residue gas pipeline from Permian Basin to Agua Dulce ▪ Supported by long-term shipper commitments	4Q19
Mont Belvieu Fractionation Expansion	▪ 100 Bbl/d NGL fractionator and related infrastructure ▪ Supported by long-term fee-based agreements	1Q19

(1) *Grand Prix (excluding the extension into Oklahoma) and fractionation expansion considered Permian focused growth capex*

2018 Announced Net Growth Capex

- **2018E net growth capex based on announced projects after DevCo JVs estimated at ~$2.2 billion; ~80% of total G&P capex focused on the Permian; ~75%[1] of total project capex focused on the Permian Basin**

($ in millions)	Location	Total Net Capex	2018E Net Capex	Expected Completion	Primarily Fee-Based
200 MMcf/d WestTX Joyce Plant and Related Infrastructure	Permian - Midland			Q1 2018	
200 MMcf/d WestTX Johnson Plant and Related Infrastructure	Permian - Midland			Q3 2018	
250 MMcf/d WestTX Plant and Related Infrastructure	Permian - Midland			Q1 2019	
250 MMcf/d WestTX Plant and Related Infrastructure	Permian - Midland			Q3 2019	
Additional Permian Midland Gas and Crude Gathering Infrastructure	Permian - Midland			2018	
Total Permian - Midland	**Permian - Midland**	**$685**	**$475**		
60 MMcf/d Oahu Plant and Related Infrastructure	Permian - Delaware			Q1 2018	✓
250 MMcf/d Wildcat Plant and Related Infrastructure	Permian - Delaware			Q2 2018	✓
250 MMcf/d Falcon Plant and Related Infrastructure	Permian - Delaware			4Q 2019	✓
250 MMcf/d Peregrine Plant and Related Infrastructure	Permian - Delaware			2Q 2020	✓
High Pressure Rich Gas Gathering Pipelines	Permian - Delaware			2019	✓
Additional Permian Delaware Gas and Crude Gathering Infrastructure	Permian - Delaware			2018	✓
Total Permian - Delaware	**Permian - Delaware**	**$780**	**$380**		✓
Grand Total Permian	**Permian**	**$1,465**	**$855**		
Hickory Hills Plant and Related Infrastructure	Arkhoma Woodford			Q4 2018	✓
Other Central Additional Gas Gathering Infrastructure	Central			2018	✓
Total Central	**Eagle Ford, STACK, SCOOP**	**$100**	**$100**		✓
200 MMcf/d Little Missouri 4 Plant and Related infrastructure	Bakken			2018	✓
Additional Bakken Gas and Crude Gathering Infrastructure	Bakken			2018	✓
Total Badlands	**Bakken**	**$125**	**$115**		✓
Total - Gathering and Processing		**$1,690**	**$1,070**		✓
Crude and Condensate Splitter	Channelview			Q2 2018	✓
Downstream Other Identified Spending	Mont Belvieu			2018 / 2019	✓
Grand Prix NGL Pipeline	Permian Basin to Mont Belvieu			Q2 2019	✓
Fractionation Train and Other Frac Related Infrastructure[1]	Mont Belvieu			Q1 2019	✓
Gulf Coast Express Pipeline	Permian to Agua Dulce			Q4 2019	✓
Total - Downstream		**$1,525**	**$1,110**		✓
Total Net Growth Capex[2]		**$3,215**	**$2,180**		

Note: Represents capex based on Targa's effective ownership interest

(1) Includes brine, storage and other frac related infrastructure, which will be funded and owned 100% by Targa

Targa Resources Corp.

Investor Presentation
September 2018

TARGA

TARGA

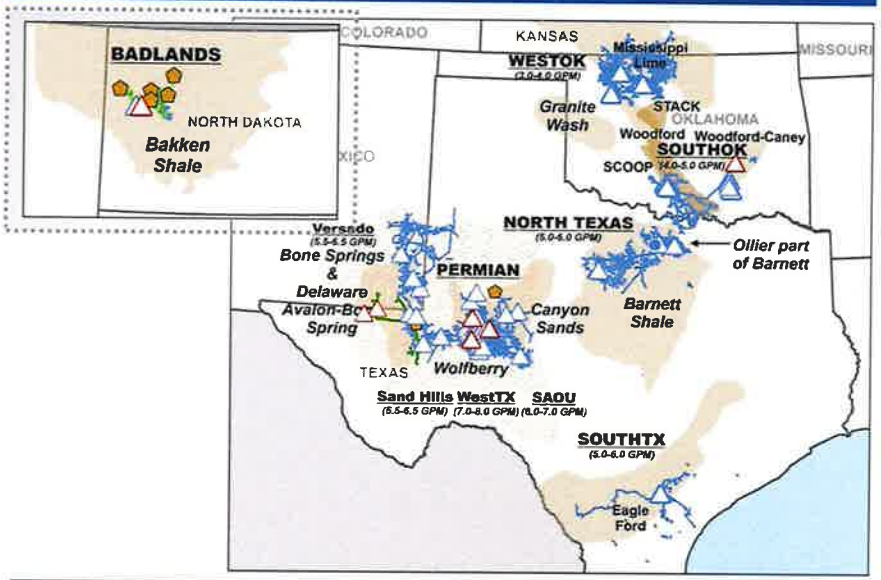
Gathering & Processing Segment

Extensive Field Gathering and Processing Position

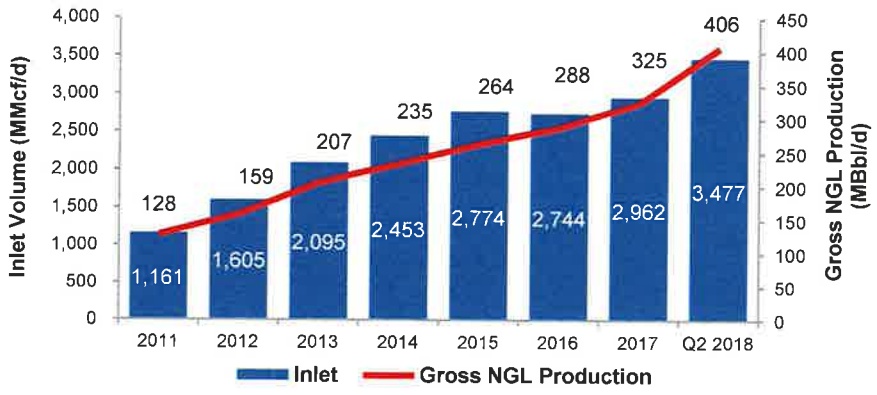
Summary

- **~6.0 Bcf/d of gross processing capacity[1][2][3][4]**
- **Significant acreage dedications in the Permian Basin, Bakken, SCOOP, STACK and Eagle Ford**
- **G&P capacity additions underway:**
  - 1.2 Bcf/d of additional processing capacity additions underway in the Permian Basin
  - 200 MMcf/d of additional processing capacity underway in the Badlands and 150 MMcf/d underway in Oklahoma
- **Recently completed G&P capacity additions:**
  - Added 200 MMcf/d Joyce Plant in Q1 2018 (Midland Basin)
  - Added 60 MMcf/d Oahu Plant and 250 MMcf/d Wildcat Plant in Q2 2018 (Delaware Basin)
- **Mix of POP and fee-based contracts**

Footprint



Volumes (Pro Forma Targa All Years)



	Est. Gross Processing Capacity (MMcf/d)	Miles of Pipeline[5]
Permian - Midland[1]	2,129	6,300
Permian - Delaware[2]	1,300	5,500
Permian Total	**3,429**	**11,800**
SouthTX	660	800
North Texas	478	4,600
SouthOK[3]	710	1,500
WestOK	458	6,500
Central Total	**2,306**	**13,400**
Badlands[4]	290	660
Total	**6,025**	**25,860**

(1) *Includes the Johnson Plant (expected in Q3 2018), Hopson Plant (expected in Q1 2019) and Pembrook Plant (expected in Q2 2019)*
(2) *Includes Falcon Plant (expected in Q4 2019) and Peregrine Plant (expected in Q2 2020)*
(3) *Includes Hickory Hills Plant (expected in Q4 2018)*
(4) *Includes 200 MMcf/d LM4 Plant (expected in Q2 2019)*
(5) *Total active natural gas, NGL and crude oil gathering pipeline mileage as of 12/31/2017*

Permian – Delaware Basin

Summary

- **Interconnected Versado and Sand Hills capturing growing production from increasingly active Delaware Basin (also connected to Permian - Midland)**
- **Operate natural gas gathering and processing and crude gathering assets**
  - Traditionally POP contracts, with added fees and fee-based services for compression, treating, etc.

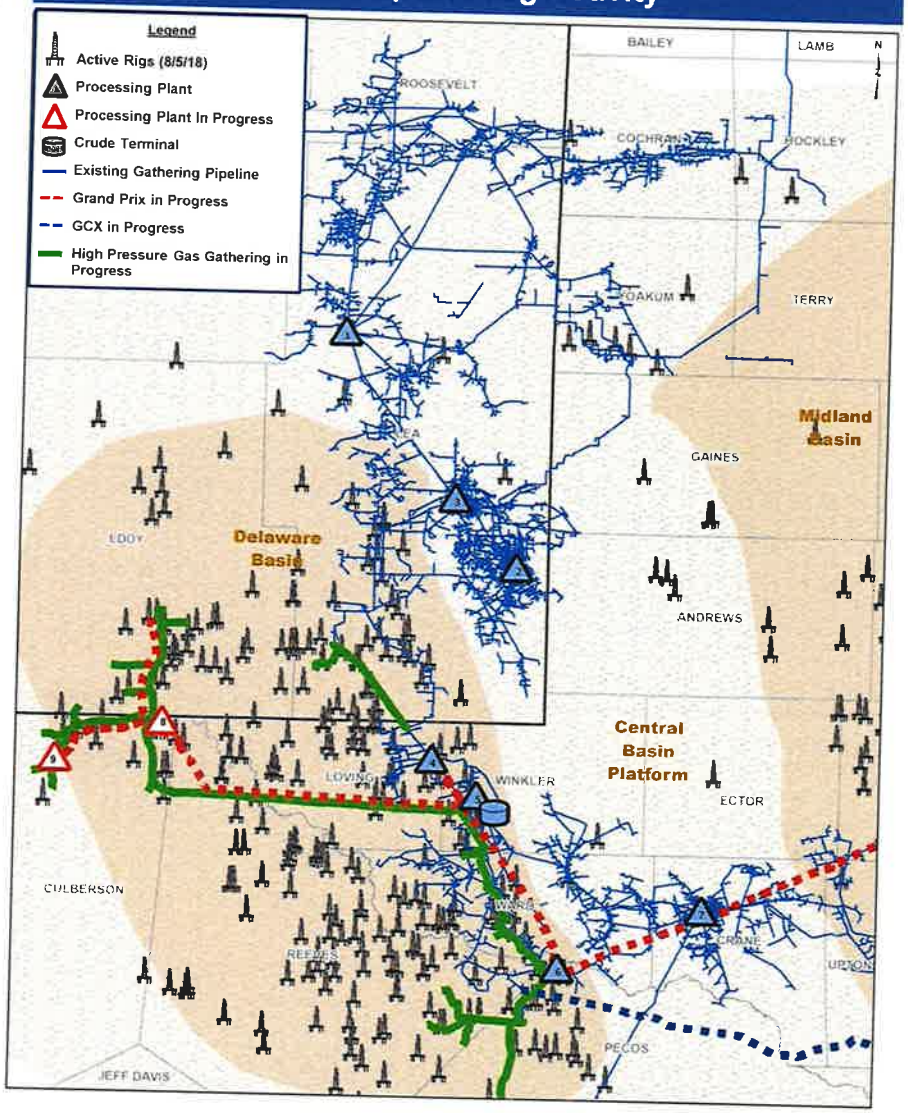
Expansions Underway

- **In March 2018, Targa announced long-term fee-based agreements with an investment grade energy company for G&P and for downstream transportation and fractionation services**
  - To construct 220 mile high pressure rich gas gathering pipelines in addition to Falcon and Peregrine plants
- **60 MMcf/d Oahu Plant completed in Q2 2018**
- **250 MMcf/d Wildcat Plant completed in Q2 2018**

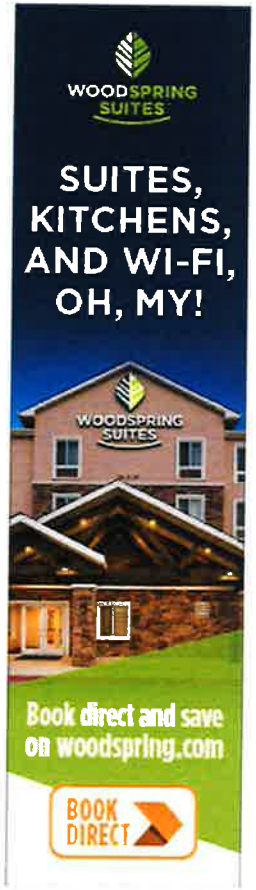
Facility	% Owned	Location (County)	Est. Gross Processing Capacity (MMcf/d)	Q2 2018 Gross Plant Inlet (MMcf/d)	Q2 2018 Gross NGL Production (MBbl/d)	Q2 2018 Crude Oil Gathered (MBbl/d)	Miles of Pipeline
(1) Saunders	100.0%	Lea, NM	60				
(2) Eunice	100.0%	Lea, NM	110				
(3) Monument	100.0%	Lea, NM	85				
Versado Total			**255**				3,600
(4) Loving Plant	100.0%	Loving, TX	70				
(5) Wildcat	100.0%	Winkler, TX	250				
(6) Oahu	100.0%	Pecos, TX	60				
(7) Sand Hills	100.0%	Crane, TX	165				
(8) Falcon[a]	100.0%	Culberson, TX	250				
(9) Peregrine[b]	100.0%	Culberson, TX	250				
Sand Hills Total			**1,045**				1,900
Permian Delaware Total[c][d][e]			**1,300**	**417**	**50**	**67**	**5,500**

[a] Expected to be completed in Q4 2019
[b] Expected to be completed in Q2 2020
[c] Total estimated gross capacity by Q2 2020
[d] Crude oil gathered includes Permian - Midland and Permian - Delaware
[e] Total gas and crude oil pipeline mileage

Asset Map and Rig Activity[1]



(1) *Source: Drillinginfo; rigs as of August 5, 2018*
(2) *Location of the 250 MMcf/d Falcon and 250 MMcf/d Peregrine Plants are preliminary and subject to final decision*



Targa Resources' (TRGP) CEO Joe Bob Perkins on Q1 2018 Results - Earnings Call Transcript

May 3, 18 | About: Targa Resources (TRGP)

Targa Resources Corp. (NYSE:TRGP) Q1 2018 Results Earnings Conference Call May 3, 2018 10:00 AM ET

Executives

Sanjay Lad - Director, IR

Joe Bob Perkins - CEO

Matt Meloy - President

Jennifer Kneale - CFO

Scott Pryor - President, Logistics and Marketing Segment

Analysts

Shneur Gershuni - UBS

Christine Cho - Barclays

Colton Bean - Tudor, Pickering, Holt

TJ Schultz - RBC Capital Markets

Craig Shere - Tuohy Brothers Investment Research, Inc.

Darren Horowitz - Raymond James

Vikram Bagri - Citi

Jeremy Tonet - JPMorgan

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Sunil Sibal - Seaport

Dennis Coleman - Bank of America Merrill Lynch

Operator

Good day ladies and gentlemen and welcome to the Targa Resources Corporation First Quarter 2018 Earnings Webcast and Presentation. At this time, all participants are in listen-only mode. Later we'll conduct a question-and-answer session and instructions will follow at that time. [Operator Instructions] As a reminder, this conference call is being recorded.

I would now like to introduce your host for today's conference, Sanjay Lad, Director of Investor Relations. Sir, you may begin.

Sanjay Lad

Thank you, Heather. Good morning and welcome to the first quarter 2018 earnings call for Targa Resources Corp. The first quarter earnings release for Targa Resources Corp., Targa, TRC or the company, along with the first quarter earnings supplement presentations are available on the Investors section of our website at www.targaresources.com. In addition, an updated investor presentation has also been posted to our website.

Any statement made during this call that might include the company's expectations or predictions should be considered forward-looking statements and are covered by the Safe Harbor provision of the Securities Act of 1933 and 1934.

Please note that actual results could differ materially from those projected in any forward-looking statements. For a discussion of factors that could cause actually results to differ, please refer to our recent SEC filings, including the company's annual report on Form 10-K for the year ended December 31st, 2017, and subsequently filed reports with the SEC.

Our speakers for the call today will be Joe Bob Perkins, Chief Executive Officer; Matt Meloy, President; and Jen Kneale, Chief Financial Officer. We will also have the following senior management team members available for Q&A. Pat McDonie, President, Gathering and Processing; Scott Pryor, President, Logistics and Marketing; and Bobby Muraro, Chief Commercial Officer.

Joe Bob will begin today's call, Matt will provide an update on commercial

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- Mastering "The Berkshire Loophole" Built His $5MM Retirement Nest Egg Investing Daily
- Tim Sykes' Free Book Details How He Made $123,000 In One Day Tim Sykes
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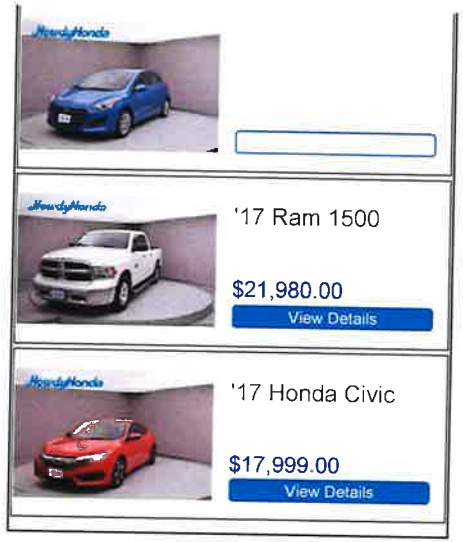

developments and business outlook, and Jen will then discuss first quarter 2018 results and wrap-up our prepared remarks before we open up for questions.

I will now turn the call over to Joe Bob Perkins.

Joe Bob Perkins

Thanks Sanjay. Good morning and thanks to everyone for joining. It's been a busy couple of months since our last earnings call and I believe that the announcements that we made since mid-February are examples of the strength of execution across our organization.

Commercially, we announced significant additional Delaware Basin processing expansions supported by long-term fee-based agreements to provide gathering, processing and downstream transportation, fractionation and other related services with a well-positioned investment-grade energy company.

Importantly, part of our expansion is to construct new high-pressure rich gas-gathering lines across some of the most attractive acreage in the Delaware Basin. And that new pipe positioning is already betting additional fruit or otherwise, we would not have been able to compete before. We've already contracted with additional producers, have verbal commitments from others, and expect additional dedications over the coming months.

We also announced that we're expanding our Grand Prix NGL pipeline further north into Southern Oklahoma. That expansion is supported by volumes from our current and future Arkoma plant and via significant long-term transportation and fractionation volume commitment from Valiant Midstream. Valiant is a private midstream company that put together a very attractive, very large, dedicated acreage position in the Arkoma STACK.

We issued $1 billion of senior notes at an attractive rate in a choppy, high yield market in early April, which demonstrates the continued strong support of Targa's business by our high yield investors.

We announced in early April that the 200 million cubic feet per day Joyce Plant has been successfully brought online. The Joyce plant was on-time and on-

budget and provides much needed relief to a system that has been operating over capacity in the Midland Basin.

We also recently brought the 60 million cubic feet per day Oahu plant online in the Delaware Basin, adding incremental capacity as volumes continue to ramp in our Delaware systems.

And this morning, WhiteWater Midstream announced that Targa made a small 10% equity and secured strategic space on their project financed Delaware Basin to Oahu pipeline. Also in April, we announced that we retained Evercore to evaluate the potential divestiture of our petroleum logistics business and that process is ongoing.

And this morning, we announced that we recently executed agreements to sell our Inland Barge business for about $70 million. That's an example of us identifying some less strategic assets that could be sold for an attractive valuation with the proceed used to help fund our ongoing highly strategic capital program.

These public announcements, coupled with year-to-date execution on multiple other fronts, support our key strategic initiatives, which include; investing in attractive projects that leverage our existing infrastructure and further strengthen our competitive advantage; proactively financing our growth program to maintain balance sheet strength and flexibility; and continuing to identify and pursue additional opportunities to further integrate, strengthen, and grow our existing asset base to further enhance an already attractive long-term Targa outlook.

Our capital program is expected to generate significant cash flow growth as the various highly visible projects become operational. The longer term outlook that we provided last June is even better today.

Looking back at the outlook provided at that time, the fundamentals are currently stronger, including more activity and higher oil and NGL prices we developed the outlook nearly a year ago.

Plus we have had a year of additional commercial success that was not included in that outlook. And since that time, Targa has announced significant additional growth projects that were not included and that clearly leverage our existing asset base.

We are well-positioned to deliver attractive returns to Targa shareholders over

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by Taboola

the longer term, supported by our focus on execution and on continuing to provide best-in-class midstream services to our customers.

With that, I'll now turn the call over to Matt, and Matt will provide an update on commercial and operational execution and our business outlook. Matt?

Matt Meloy

Thanks Joe Bob and good morning everyone. Commercial activity and production in many of our operating regions continues to increase and we expect this positive trend to progress throughout 2018 and beyond.

Compared to the fourth quarter, first quarter Permian inlet volumes increased 3% even with the freeze-off related impacts in January reducing first quarter average Permian inlet by approximately 2%.

Volume have since more than recovered with estimated average April Permian inlet volumes already 8% above the first quarter average. For a total field G&P, estimated average April inlet volumes were 5% above the first quarter average.

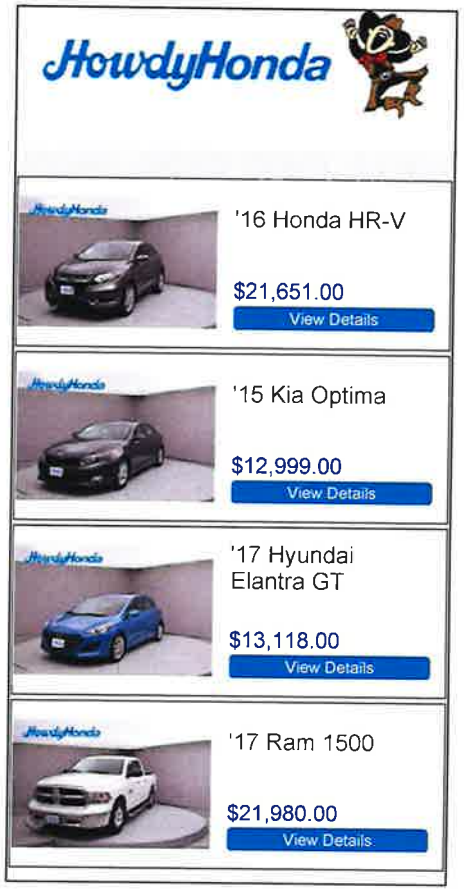
In the Permian, we continued to execute on our growth program and remain on track to add an incremental 710 million cubic feet per day of new processing capacity in 2018.

In the Delaware Basin, a 60 million cubic feet per day Oahu plant is online and we expect to begin commissioning our 250 million cubic per day Wildcat Plant later this month. Both plants are interconnected with multiple other plants and systems across our Permian Basin footprint.

Our recently announced Delaware Basin expansion include the 220-mile high-pressure rates gas header system and two new 250 million cubic feet per day cryogenic natural gas processing. The Falcon and Peregrine plants are scheduled to be completed in the fourth quarter of 2019 and the second quarter of 2020 respectively.

As part of the agreement, underpinning the expansion plan, Targa will also provide transportation services on Grand Prix and fractionation services at its Mont Belvieu complex for a majority of the NGLs from the Falcon and Peregrine Plant.

Without our multi-plant system that spans across the Permian Basin, Grand



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www.naturalgasintel.com/articles/113852-targa-to-add-permian-natural-gas-processing-gathering-capacity-extend-ngl-pipeline

Targa to Add Permian Natural Gas Processing, Gathering Capacity, Extend NGL Pipeline

Jamison Cocklin
March 28, 2018

Targa Resources Corp. said this week that it has entered long-term fee-based agreements with an undisclosed producer that will find it spending $500 million to expand natural gas gathering and processing services in the Permian Basin's Delaware sub-basin.

The company also said that it would extend its Grand Prix natural gas liquids (NGL) pipeline that's currently under construction into southern Oklahoma. The system, which was announced last year, would connect the Permian and the company's North Texas gathering system to its fractionation and storage complex at the NGL market hub at Mont Belvieu, TX.

Targa said it would build 220 miles of 12- to 24-inch high pressure rich gas gathering pipelines across parts of the Delaware sub-basin. Under the fee-based agreements, plans also call for a new 250 MMcf/d cryogenic natural gas processing plant that is to be called the Falcon Plant and enter service in the Delaware in 4Q2019. A second 250 MMcf/d processing plant that's to be called the Peregrine Plant would enter service there in 2Q2020.

The company said it would also provide NGL transportation services on Grand Prix and fractionation services at its Mont Belvieu complex for a majority of the NGLs from the Falcon and Peregrine plants.

"This is a significant extension of our multi-plant, multi-system Delaware footprint, adding infrastructure through the core of the Delaware Basin. Also, the expansion of our Grand Prix NGL Pipeline into Oklahoma is an attractive extension of a highly strategic asset for Targa, enhancing the capabilities we can offer our existing and potential customers in southern Oklahoma," CEO Joe Bob Perkins said.

Targa said the Grand Prix expansion is underpinned by significant long-term commitments for both transportation and fractionation services from its existing and future processing plants in the Arkoma area in its SouthOK system and from third party commitments, including a significant long-term commitment for transportation and fractionation with Valiant Midstream LLC. Targa now expects to spend $1.65 billion on the system instead of the $1.3 billion it budgeted when the project was first announced.

Once completed, the capacity of Grand Prix from North Texas, where Permian and Oklahoma volumes will be connected to a 30-inch diameter segment of the pipeline to Mont Belvieu, will be 450,000 b/d, expandable to 950,000 b/d. The capacity on the 24-inch segment from the Permian to North Texas would be 300,000 b/d, expandable to 550,000 b/d. From southern Oklahoma to North Texas, capacity would vary based on telescoping pipe size. The company still expects Grand Prix to be in service in 2Q2019.

Targa is one of the largest gatherers and processors of natural gas in the Permian, with 2 Bcf/d of current natural gas processing capacity and another 1.5 Bcf/d being added across both the Midland and Delaware sub-basins. Perkins said the latest investments are "aligned with our strategic objectives of leveraging existing Targa infrastructure to further strengthen our competitive position."

Senior Editor | Pittsburgh, PA

Jamison Cocklin joined the staff of NGI in November 2013. Prior to that he worked as business and energy reporter at the Youngstown Vindicator, covering the regional economy and the Utica Shale play. He also served as a city reporter at the Bangor Daily News and did freelance work for the Associated Press. He has a bachelor's degree in journalism and political science from the University of Maine.

jamison.cocklin@naturalgasintel.com

GATHERING-PROCESSING NATURAL GAS LIQUIDS PIPELINES

Targa To Expand Processing In Delaware Basin

Targa will also extend its Grand Prix NGL pipeline into Oklahoma.

Wednesday, March 28, 2018 - 10:38am

Targa Resources Corp. (NYSE: TRGP) said March 27 that it has entered into long-term fee-based agreements with an investment grade energy company for natural gas gathering and processing services in the Delaware Basin and for downstream transportation, fractionation and other related services. The agreements with Targa are underpinned by the customer's dedication of significant acreage within a large, well-defined area in the Delaware Basin.

The Company also announced an extension of its new Grand Prix common carrier NGL pipeline currently under construction into southern Oklahoma. The pipeline expansion is underpinned by significant long-term commitments for both transportation and fractionation services from Targa's existing and future processing plants in the Arkoma area in its SouthOK system and from third-party commitments, including a significant long-term commitment for transportation and fractionation with Valiant Midstream LLC.

"We are very pleased to have entered into agreements to provide services across our integrated platform supported by a large acreage position held by a major Delaware Basin customer. This is a significant extension of our multi-plant, multi-system Delaware footprint, adding infrastructure through the core of the Delaware Basin. Also, the expansion of our Grand Prix NGL Pipeline into Oklahoma is an attractive extension of a highly strategic asset for Targa, enhancing the capabilities we can offer our existing and potential customers in southern Oklahoma," said Joe Bob Perkins, CEO of the company. "The investments are aligned with our strategic objectives of

leveraging existing Targa infrastructure to further strengthen our competitive position from gathering and processing through transportation, fractionation and other related services to meet the infrastructure needs of our customers."

In the Delaware Basin, supported by the significant near-term volume growth expected on the dedicated acreage, Targa will construct approximately 220 miles of 12- to 24-inch high pressure rich gas gathering pipelines across some of the most prolific parts of the Delaware Basin, a new 250 million cubic feet per day (MMcf/d) cryogenic natural gas processing plant (Falcon Plant) in the Delaware that is expected to begin operations in fourth-quarter 2019, and a second 250 MMcf/d cryogenic natural gas processing plant (Peregrine Plant) in the Delaware that is expected to begin operations in second-quarter 2020. Total net growth capex related to the plants and high-pressure pipeline system is approximately $500 million, with approximately $200 million expected to be spent in 2018.

Targa will also provide NGL transportation services on Grand Prix and fractionation services at its Mont Belvieu complex for a majority of the NGL from the Falcon and Peregrine plants.

The Grand Prix extension into Oklahoma will be anchored by significant long-term commitments for both transportation and fractionation services from Targa's existing and future processing plants in the Arkoma area in its SouthOK system and from third-party commitments, including a significant long-term commitment for transportation and fractionation with Valiant. The company continues to expect Grand Prix to be fully completed and in service in second-quarter 2019.

Once completed, the capacity of Grand Prix from North Texas, where Permian and Oklahoma volumes will be connected to a 30-inch diameter segment of the pipeline to Mont Belvieu, will be approximately 450,000 barrels per day (bbl/d), expandable to 950,000 bbl/d. The capacity on the 24-inch diameter pipeline from the Permian Basin to North Texas will be approximately 300,000 bbl/d, expandable to 550,000 bbl/d. The capacity from southern Oklahoma to North Texas will vary based on telescoping pipe size. The vast majority of the pipe for Grand Prix has already been purchased.

As one of the largest gatherers and processors of natural gas in the prolific Permian Basin, with approximately 2 billion cubic feet per day (Bcf/d) of current natural gas processing capacity and approximately 1.5 Bcf/d of processing capacity being added across both the Midland Basin and the Delaware Basin, Targa's existing plants and plants in progress will provide significant volumes for transportation on Grand Prix to Targa's assets in Mont Belvieu. Additionally, Targa's current natural gas processing position in North Texas and commitments in the Arkoma area of southern Oklahoma will also provide incremental volumes on Grand Prix to Targa's downstream assets in Mont Belvieu. Targa expects Grand Prix NGL volume deliveries to Mont Belvieu to significantly increase over time and currently estimates deliveries to exceed 250,000 bbl/d at some point during 2020 depending on upstream production levels. Volumes on Grand Prix are expected to continue to increase beyond 2020 from continued production growth, increasing third-party commitments and the expiration of Targa's existing obligations to transport on other third-party NGL pipelines, further enhancing Grand Prix's economics.

Targa's total growth capital spending on Grand Prix is now estimated to be approximately $1.65 billion, with net growth capital spending of approximately $1.1 billion and approximately $900 million net expected to be spent in 2018. Targa's total 2018 net growth capital expenditures for announced projects is now expected to be approximately $2.2 billion.

Grand Prix's economics related to the volumes flowing on the pipeline from the Permian Basin to Mont Belvieu are part of the previously announced joint venture with Blackstone Energy Partners and the development joint venture with investment vehicles affiliated with Stonepeak Infrastructure Partners. The economics related to the volumes from North Texas and from the extension into southern Oklahoma will accrue exclusively to Targa.

Targa continues to evaluate and execute financing opportunities to fund its remaining equity capital needs for its announced projects in 2018, which may include a combination of additional asset joint venture arrangements, various types of public and private capital, and asset sales. The company has engaged Evercore Group LLC. to evaluate alternatives, including the potential divestiture of its Downstream Petroleum Logistics business, which includes terminals in Baltimore; Tacoma, Wash.;

and its crude and condensate splitter and terminal in Channelview, Texas. Targa is also evaluating a potential sale of its marine barge business. These potential divestitures are predicated on third-party valuations adequately capturing Targa's forward growth expectations for the assets. Sales proceeds could offset a significant portion of the increase in net growth capital expenditures related to the new projects announced today.

A copy of the presentation slides to accompany these announcements can be accessed on the Company's website in the Investor section under Events and Presentations at www.targaresources.com, or by going directly to http://ir.targaresources.com/trc/events.cfm.

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CCAISD gives go-ahead for value limitation agreements for proposed gas plants

May 31, 2018

Newly-elected Trustees Eduardo Seyffert and Jodi Corrales took their seats with the board after taking the oaths of office. -Photo by Becky Brewster

By Becky Brewster

The Culberson County-Allamoore ISD Board of Trustees met in Regular Session on May 22, 2018. Newly-elected Trustees Eduardo Seyffert and Jodi Corrales took their seats with the board after taking the oaths of office. The Board approved the following slate of officers: President – Letty Hernandez; Vice-President – Romy Ramirez; Secretary – Angie Gonzalez.

Doug Carr, financial advisor, gave an overview of the Chapter 313 Value Limitation Agreement process to the Board, noting that HB 1200 providing for such value limitation agreements was passed in 2001 as an economic development incentive. Carr discussed the advantages and disadvantages of these agreements and provided financial scenarios to show the impact on the District's revenue. The Value Limitation Agreement would apply only to the Maintenance and Operating fund; the project sites would be fully taxable for the Interest and Sinking (I&S) levy collected to pay the bonds for the new K-12 Campus. For each agreement, the District will receive a payment-in-lieu-of-taxes of at least $50,000/year which is not subject to recapture by the state. At this time, there are four potential applications: two solar projects and two gas production plants.

Sara Leon of Powell and Leon provided the board an outline of the process going forward should the District decide to participate in the Chapter 313 Value Limitation Agreements. Once the District accepts an application, it is a four to six-month review and approval process through the Texas Comptroller's office. Leon noted that this is actually a state program designed to have no negative financial impacts on school districts.

Mike Frye, representing Targa Delaware LLC, briefed the Board on the two applications that have been submitted to the District for the gas production plants. Wes Jackson, representing Intersect Power, briefed the Board on the two applications that are being prepared for the solar projects.

The Board unanimously accepted the two applications for the Chapter 313 Value Limitation Agreements from Targa Delaware LLC for two gas production plants to be located in the northern portion of Culberson County. The applications will be reviewed for completeness and submitted to the Comptroller of Public Accounts. To facilitate the process, the Board retained the services of Powell and Leon to provide legal/financial assistance in the review and processing of the applications.

After a lengthy executive session, the Board directed Supt. Baugh and legal counsel to take action as discussed in the closed session regarding two pending claims by Julie Uranga: one charge with the Equal Opportunity Commission Charge and the case before the Texas Education Agency (Julie Uranga vs. Culberson County – Allamoore ISD).

Assistant Principal Sondra McCoy informed the Board that the District had received approval for a "Project Lead the Way" grant for computer science in grades 6-8.

In other business, the CCAISD Board members:

Received an update on the K-12 Campus construction project from HB Construction Project Manager Manuel Quinones.

Adopted Updated Policy CCG (Local)

Approved the 2018-2019 School Calendar

Approved the sale of three properties as presented by the Culberson County Appraisal District.

Approved consent items.

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CCAISD to consider value limitation agreement for proposed gas plant

May 4, 2018

By Becky Brewster

Construction of new gym and K-12 Campus -Advocate Photo

The Culberson County-Allamoore ISD Board of Trustees met in Regular Session on April 30. Supt. Ken Baugh introduced a Chapter 313 Value Limitation Application prepared by Targa Delaware LLC (Targa) for the construction of a gas production plant in the north part of Culberson County. If approved, Targa has funds in hand and is ready to start the one-year construction project. Baugh

indicated that Targa is also planning to submit an application for a second plant. The estimated value of each plant is $110 million. The application requests a limitation on the taxable value of the project for a certain amount of time in exchange for the construction and creation of new jobs in the district. The Value Limitation Agreement would apply only to the Maintenance and Operating fund; the sites would be fully taxable for the Interest and Sinking (I&S) levy collected to pay the bonds for the new K-12 Campus. Baugh announced that legal counsel will be present at the next meeting to guide the district through the process. In the meantime, the Value Limitation proposal for the solar plants is still in the works.

Construction of new gym and K-12 Campus -Advocate Photo

The Trustees also received an update on the K-12 Campus construction project from HB Construction Project Manager Manuel Quinones. The cinder block wall for the competition gym is completed and is underway at the auxiliary gym. The

steel erection on two areas is complete, and work on the metal decks has begun. Concrete will start being poured this week. The Board agreed to use some of the interest on the bond money to replace the air intake units in the auxiliary gym with an HVAC system.

Supt. Baugh also reported that CCAISD is working with Odessa College to offer a 5-course Robotics program in the high school which will provide the students an opportunity to graduate with a Level 1 Certificate in robotics as well as dual credit hours. The District still plans for the students to participate in the robotics competitions as they do now, but this program will take them much further towards job readiness.

In other business, the CCAISD Board members:

Approved Consent Agenda Items.

•Conducted a Closed Session for personnel matters.

•Approved 2018-2019 teacher contracts and resignations as recommended.

•Approved a resolution for the naming of the new gym and the band hall.

•Approved the auditor contract with Smith & Rives with a decrease in fees from $44,000 to $28,000.

•Approved the sale of two lots as presented by the Appraisal District and removed one proposal from consideration.

•Heard an update from the Athletic Director Brock Tyrrell.

•Learned that the Sports Banquet is slated for May 3, the prom is scheduled for May 5, and the Awards of Excellence Banquet will be held May 21.