GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 14, 2018

Becky McManus
Assistant Superintendent
Barbers Hill Independent School District
9600 Eagle Drive
Mont Belvieu, Texas 77580

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Barbers Hill Independent School District and Targa Downstream, LLC, Application 1265

Dear Assistant Superintendent McManus:

On August 15, 2018, the Comptroller issued written notice that Targa Downstream, LLC (applicant) submitted a completed application (Application 1265) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on May 21, 2018, to the Barbers Hill 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 B; 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 requested a waiver 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 1265.

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 B.

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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of August 15, 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 Downstream, LLC (project) applying to Barbers Hill 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 Downstream, LLC.

Applicant	Targa Downstream, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Barbers Hill ISD
2016-2017 Average Daily Attendance	5,007
County	Chambers
Proposed Total Investment in District	$250,000,000
Proposed Qualified Investment	$250,000,000
Limitation Amount	$80,000,000
Qualifying Time Period (Full Years)	2020-2021
Number of new qualifying jobs committed to by applicant	12*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,273.50
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,273.50
Minimum annual wage committed to by applicant for qualified jobs	$66,222.20
Minimum weekly wage required for non-qualifying jobs	$1,185
Minimum annual wage required for non-qualifying jobs	$61,620
Investment per Qualifying Job	$20,833,333.33
Estimated M&O levy without any limit (15 years)	$35,139,000
Estimated M&O levy with Limitation (15 years)	$19,504,000
Estimated gross M&O tax benefit (15 years)	$15,635,000

** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*

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

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	0	436	436	$0	$31,350,000	$31,350,000
2019	500	741	1240.59	$33,111,100	$63,268,900	$96,380,000
2020	500	765	1265	$33,111,100	$72,908,900	$106,020,000
2021	512	793	1305	$33,905,766	$81,734,234	$115,640,000
2022	12	105	117	$794,666	$23,575,334	$24,370,000
2023	12	23	35	$794,666	$13,745,334	$14,540,000
2024	12	(34)	-22	$794,666	$6,515,334	$7,310,000
2025	12	(50)	-38	$794,666	$2,965,334	$3,760,000
2026	12	(44)	-32	$794,666	$1,795,334	$2,590,000
2027	12	(27)	-15	$794,666	$2,155,334	$2,950,000
2028	12	(5)	7	$794,666	$3,475,334	$4,270,000
2029	12	17	29	$794,666	$5,225,334	$6,020,000
2030	12	36	48	$794,666	$7,095,334	$7,890,000
2031	12	51	63	$794,666	$8,855,334	$9,650,000
2032	12	58	70	$794,666	$10,075,334	$10,870,000

Source: CPA REMI, Targa Downstream, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill M&O and I&S Tax Levies	Chambers County Tax Levy	Mont Belvieu Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2698	1.0600		0.4968	0.4367	
2021	$90,000,000	$90,000,000		$242,820	$954,000	$1,196,820	$447,111	$393,039	$2,036,970
2022	$250,000,000	$250,000,000		$674,500	$2,650,000	$3,324,500	$1,241,975	$1,091,775	$5,658,250
2023	$245,000,000	$245,000,000		$661,010	$2,597,000	$3,258,010	$1,217,136	$1,069,940	$5,545,085
2024	$240,000,000	$240,000,000		$647,520	$2,544,000	$3,191,520	$1,192,296	$1,048,104	$5,431,920
2025	$235,000,000	$235,000,000		$634,030	$2,491,000	$3,125,030	$1,167,457	$1,026,269	$5,318,755
2026	$230,000,000	$230,000,000		$620,540	$2,438,000	$3,058,540	$1,142,617	$1,004,433	$5,205,590
2027	$225,000,000	$225,000,000		$607,050	$2,385,000	$2,992,050	$1,117,778	$982,598	$5,092,425
2028	$220,000,000	$220,000,000		$593,560	$2,332,000	$2,925,560	$1,092,938	$960,762	$4,979,260
2029	$215,000,000	$215,000,000		$580,070	$2,279,000	$2,859,070	$1,068,099	$938,927	$4,866,095
2030	$210,000,000	$210,000,000		$566,580	$2,226,000	$2,792,580	$1,043,259	$917,091	$4,752,930
2031	$205,000,000	$205,000,000		$553,090	$2,173,000	$2,726,090	$1,018,420	$895,256	$4,639,765
2032	$200,000,000	$200,000,000		$539,600	$2,120,000	$2,659,600	$993,580	$873,420	$4,526,600
2033	$195,000,000	$195,000,000		$526,110	$2,067,000	$2,593,110	$968,741	$851,585	$4,413,435
2034	$190,000,000	$190,000,000		$512,620	$2,014,000	$2,526,620	$943,901	$829,749	$4,300,270
2035	$185,000,000	$185,000,000		$499,130	$1,961,000	$2,460,130	$919,062	$807,914	$4,187,105
2036	$180,000,000	$180,000,000		$485,640	$1,908,000	$2,393,640	$894,222	$786,078	$4,073,940
			Total	**$8,943,870**	**$35,139,000**	**$44,082,870**	**$16,468,589**	**$14,476,937**	**$75,028,395**

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

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Chambers County, with all property tax incentives sought being granted 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 and Mont Belvieu.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Barbers Hill ISD I&S Tax Levy	Barbers Hill ISD M&O Tax Levy	Barbers Hill M&O and I&S Tax Levies	Chambers County Tax Levy	Mont Belvieu Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.2698	1.0600		0.4968	0.4367	
2021	$90,000,000	$90,000,000		$242,820	$954,000	$1,196,820	$447,111	$393,039	$2,036,970
2022	$250,000,000	$80,000,000		$674,500	$848,000	$1,522,500	$583,728	$513,134	$2,619,363
2023	$245,000,000	$80,000,000		$661,010	$848,000	$1,509,010	$572,054	$502,872	$2,583,935
2024	$240,000,000	$80,000,000		$647,520	$848,000	$1,495,520	$560,379	$492,609	$2,548,508
2025	$235,000,000	$80,000,000		$634,030	$848,000	$1,482,030	$548,705	$482,346	$2,513,081
2026	$230,000,000	$80,000,000		$620,540	$848,000	$1,468,540	$537,030	$472,084	$2,477,654
2027	$225,000,000	$80,000,000		$607,050	$848,000	$1,455,050	$525,355	$461,821	$2,442,226
2028	$220,000,000	$80,000,000		$593,560	$848,000	$1,441,560	$513,681	$451,558	$2,406,799
2029	$215,000,000	$80,000,000		$580,070	$848,000	$1,428,070	$502,006	$441,295	$2,371,372
2030	$210,000,000	$80,000,000		$566,580	$848,000	$1,414,580	$490,332	$431,033	$2,335,945
2031	$205,000,000	$80,000,000		$553,090	$848,000	$1,401,090	$478,657	$420,770	$2,300,517
2032	$200,000,000	$200,000,000		$539,600	$2,120,000	$2,659,600	$993,580	$873,420	$4,526,600
2033	$195,000,000	$195,000,000		$526,110	$2,067,000	$2,593,110	$968,741	$851,585	$4,413,435
2034	$190,000,000	$190,000,000		$512,620	$2,014,000	$2,526,620	$943,901	$829,749	$4,300,270
2035	$185,000,000	$185,000,000		$499,130	$1,961,000	$2,460,130	$919,062	$807,914	$4,187,105
2036	$180,000,000	$180,000,000		$485,640	$1,908,000	$2,393,640	$894,222	$786,078	$4,073,940
			Total	**$8,943,870**	**$19,504,000**	**$28,447,870**	**$10,478,543**	**$9,211,306**	**$48,137,719**
			Diff	**$0**	**$15,635,000**	**$15,635,000**	**$5,990,045**	**$5,265,631**	**$26,890,676**

Source: CPA, Targa Downstream, 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 Downstream, 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	2018	$0	$0	$0	$0
	2019	$0	$0	$0	$0
	2020	$662,500	$662,500	$0	$0
Limitation Period (10 Years)	2021	$848,000	$1,510,500	$1,802,000	$1,802,000
	2022	$848,000	$2,358,500	$1,749,000	$3,551,000
	2023	$848,000	$3,206,500	$1,696,000	$5,247,000
	2024	$848,000	$4,054,500	$1,643,000	$6,890,000
	2025	$848,000	$4,902,500	$1,590,000	$8,480,000
	2026	$848,000	$5,750,500	$1,537,000	$10,017,000
	2027	$848,000	$6,598,500	$1,484,000	$11,501,000
	2028	$848,000	$7,446,500	$1,431,000	$12,932,000
	2029	$848,000	$8,294,500	$1,378,000	$14,310,000
	2030	$848,000	$9,142,500	$1,325,000	$15,635,000
Maintain Viable Presence (5 Years)	2031	$2,120,000	$11,262,500	$0	$15,635,000
	2032	$2,067,000	$13,329,500	$0	$15,635,000
	2033	$2,014,000	$15,343,500	$0	$15,635,000
	2034	$1,961,000	$17,304,500	$0	$15,635,000
	2035	$1,908,000	$19,212,500	$0	$15,635,000
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	$1,855,000	$21,067,500	$0	$15,635,000
	2037	$1,802,000	$22,869,500	$0	$15,635,000
	2038	$1,749,000	$24,618,500	$0	$15,635,000
	2039	$1,696,000	$26,314,500	$0	$15,635,000
	2040	$1,643,000	$27,957,500	$0	$15,635,000
	2041	$1,590,000	$29,547,500	$0	$15,635,000
	2042	$1,537,000	$31,084,500	$0	$15,635,000
	2043	$1,484,000	$32,568,500	$0	$15,635,000
	2044	$1,431,000	$33,999,500	$0	$15,635,000
	2045	$1,378,000	$35,377,500	$0	$15,635,000

$35,377,500	is greater than	**$15,635,000**

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 Downstream, LLC

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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 sources 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 Downstream 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 Downstream LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "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."
  B. "Targa's pipeline footprint provides substantial flexibility in where future facilities or investments may be located. Effectively, there will always be infrastructure available to pipe product in and out of anywhere a facility of this type is chosen to sit, regardless of state."
  C. "[I]f the property taxes are too great a burden for a project to carry and still meet its targeted return, the capital that would have been allotted to that project will be re-allocated to another project outside of Texas, and with a lesser burden. (Ex. Oklahoma-Manufacturing Exemption, Kansas & North Dakota-No Personal Property Tax, Louisiana-Industrial Tax Exemption)"
  D. "This leaves the economic return as the sole determinant of the future of the project. With so many other states offering incentives, the economic return of this fractionator will not be able to compete for capital without this Chapter 313 agreement."
- Per a March 27, 2018 *Pipeline & Gas Journal* article:
  A. "Targa Resources Corp. today announced it has entered into long-term fee-based agreements for natural gas gathering and processing services in the Delaware Basin and for downstream transportation, fractionation and other related services. The company also announced an extension of the Grand Prix NGL Pipeline, a new common carrier NGL pipeline currently under construction, into southern Oklahoma."

B. "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 with Valiant for transportation and fractionation."
C. "Once completed, the Grand Prix NGL Pipeline will run from North Texas, where Permian and Oklahoma volumes will be connected to a 30-inch diameter segment, to Mont Belvieu. Initially, it will be able to transport approximately 450,000 bpd, with the ability to expand to 950,000 bpd."

- A February 6, 2018 *Business and Industry Magazine* article states the following:
  A. "Gulf Coast Express Pipeline LLC, a joint venture owned by affiliates of Kinder Morgan, Inc., DCP Midstream, LP and Targa Resources Corp. announced the start of a binding open season for 220,000 dekatherms per day (Dth/d) of firm natural gas transportation service on the Gulf Coast Express Pipeline Project (GCX Project), which will transport natural gas from the Waha, Texas, production area to the market hub near Agua Dulce, Texas, once built."
  B. "As previously announced in December 2017, KMI, DCP Midstream and Targa jointly made a final investment decision (FID) to proceed with the GCX Project, with construction activities slated for the first quarter of 2018. The in-service date of October 2019 remains the same, pending the receipt of regulatory approvals."
- A July 23, 2015 *The Facts (Clute, TX)* article states that Praxair Inc. "will pay Freeport more than a half-million dollars a year under an industrial agreement it signed with the city." Freeport's "city manager expects the creation of about 15 new jobs once the facility off Highway 332 opens."
- Attached Targa Resources Grand Prix NGL Pipeline map with project location.
- Attached Railroad Commission of Texas Public GIS Viewer map depicting Natural Gas pipelines.

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

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. Effectively, there will always be infrastructure available to pipe product in and out of anywhere a facility of this type is chosen to sit, regardless of state.

Further, the amount of capital allotted to each project the applicant undertakes is heavily dependent on the economic return said project will generate. With the property tax burden in Texas as high as it is, operating profit is particularly sensitive to the existence of tax incentives. What this means, is that if the property taxes are too great a burden for a project to carry and still meet its targeted return, the capital that would have been allotted to that project will be re-allocated to another project outside of Texas, and with a lesser burden. (Ex. Oklahoma-Manufacturing Exemption, Kansas & North Dakota-No Personal Property Tax, Louisiana-Industrial Tax Exemption)

Economic value is almost entirely dependent on cash flows, and property taxes are often in the top three of the largest expenses that projects like this will encounter. As was mentioned above and illustrated on the following map, Targa has an incredible level of flexibility in choosing sites for its facilities, with potential pipeline systems and tie-ins so abundant that logistics are almost not even considered when evaluating situs. This leaves the economic return as the sole determinant of the future of the project. With so many other states offering incentives, the economic return of this fractionator will not be able to compete for capital without this Chapter 313 agreement.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

Targa to Expand Grand Prix NGL Pipeline, Delaware Basin Gas Gathering Capacity

3/27/2018

TARGA™

Targa Resources Corp. today announced it has entered into long-term fee-based agreements for natural gas gathering and processing services in the Delaware Basin and for downstream transportation, fractionation and other related services. The company also announced an extension of the Grand Prix NGL Pipeline, a new common carrier NGL pipeline currently under construction, into southern Oklahoma.

Delaware Basin Processing Expansions

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 the Delaware Basin, the Falcon Plant, a new 250 MMcf/d cryogenic natural gas processing plant that is expected to begin operations in the fourth quarter of 2019, and the Peregrine Plant, a second 250 MMcf/d cryogenic natural gas processing plant that is expected to begin operations in the second quarter of 2020.

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 with Valiant for transportation and fractionation.

Once completed, the Grand Prix NGL Pipeline will run from North Texas, where Permian and Oklahoma volumes will be connected to a 30-inch diameter segment, to Mont Belvieu. Initially, it will be able to transport approximately 450,000 bpd, with the ability to expand to 950,000 bpd. The capacity on the 24-inch diameter pipeline from the Permian Basin to North Texas will be approximately 300,000 bpd per day, with the ability to expand to 950,000 bpd. The capacity from southern Oklahoma to North Texas will vary based on telescoping pipe size.

Related News

- Epic Pipeline Completes Open Season , Adds Diamondback as Strategic Partner
- Dixie Pipeline to Expand Capacity
- Medallion Launches Open Season for Major Expansion of Crude Pipeline
- Enterprise to Develop Offshore Texas Crude Oil Export Terminal
- Report: US, Canada Need $800 Billion in Midstream Infrastructure Investment Through 2035
- Tunnel, Trench Offer Options for Replacing Pipeline

Comments

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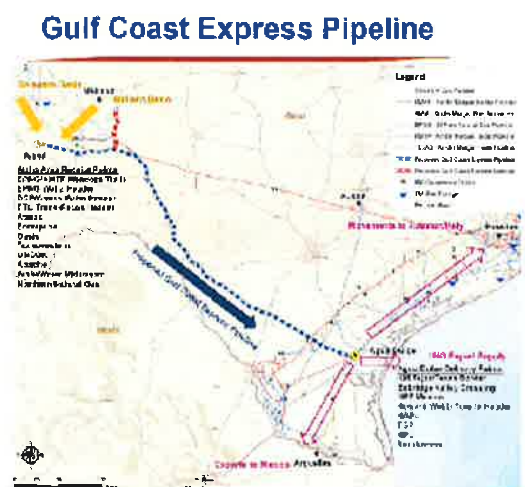
February 6, 2018 9:32 AM

Gulf Coast Express Pipeline opens binding season for remaining capacity

RSS Print



Gulf Coast Express Pipeline LLC, a joint venture owned by affiliates of Kinder Morgan, Inc., DCP Midstream, LP and Targa Resources Corp. announced the start of a binding open season for 220,000 dekatherms per day (Dth/d) of firm natural gas transportation service on the Gulf Coast Express Pipeline Project (GCX Project), which will transport natural gas from the Waha, Texas, production area to the market hub near Agua Dulce, Texas, once built.

Of the 220,000 Dth/d of available capacity, 60,000 Dth/d have been added to the project due to strong market demand. With the added capacity, the GCX Project will have a total design capacity of 1.98 billion cubic feet per day at an estimated cost of $1.75 billion.

As previously announced in December 2017, KMI, DCP Midstream and Targa jointly made a final investment decision (FID) to proceed with the GCX Project, with construction activities slated for the first quarter of 2018. The in-service date of October 2019 remains the same, pending the receipt of regulatory approvals. Following the FID in December, the project has signed with Occidental Energy Marketing, Inc., a subsidiary of Occidental Petroleum Corporation, and Kaiser-Francis Oil Company for transportation service on the system. Additional details on the project, including past press releases and a system map, can be found at www.kindermorgan.com under the GCX Project web page.

The open season bid period begins on Feb. 5, 2018, and ends at 5 p.m. Central Time on March 1, 2018.

Pipeline/Transportation Expansions Natural Gas Gulf Coast Express Pipeline Project (GCX Project) Midstream Targa Resources

February 6, 2018 9:32 AM

Related

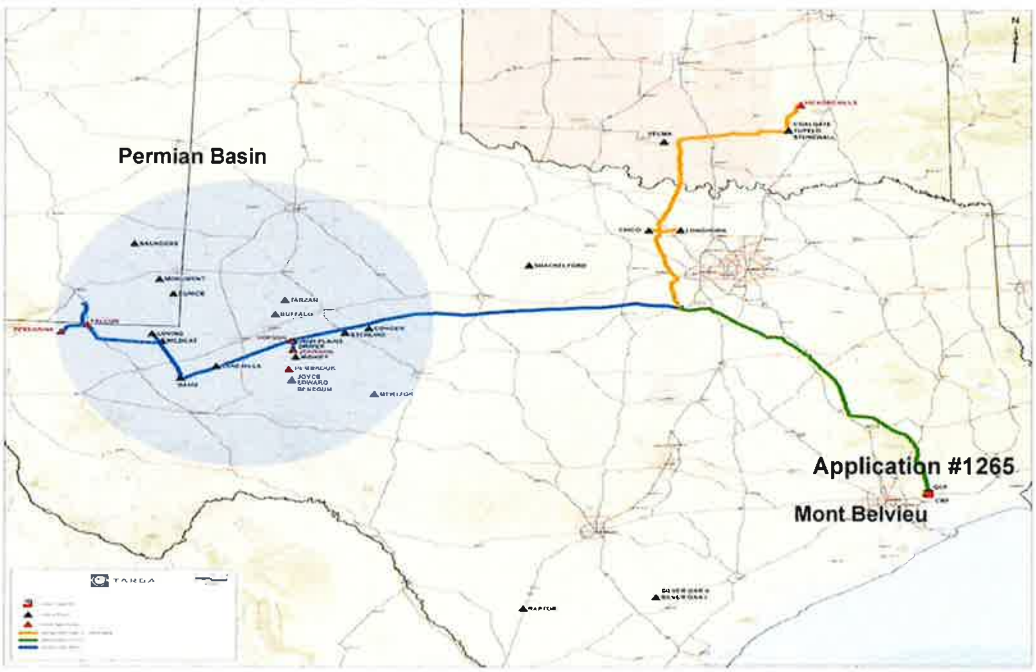
Kinder Morgan, DCP Midstream and Targa Resources announce final investment decision on Gulf Coast Express pipeline project
Dec 21, 2017

[www.targaresources.com Retrieved 07/27/2018]

Targa's Grand Prix NGL Pipeline Project

Grand Prix connects growing supply to premier NGL hub at Mont Belvieu

- **Targa has the largest G&P position in the Permian Basin supported by substantial acreage dedications, in addition to its position in Southern Oklahoma and North Texas, which will direct significant NGLs to Grand Prix**
- **Grand Prix will provide increasing fee-based cash flows over the long-term**
  - **Supported by significant long-term transportation and fractionation volume dedications and commitments from Targa's existing and future processing plants in the Permian, North Texas, and SouthOK systems**
  - **Also supported by significant long-term transportation and fractionation volume dedications and commitments from third parties**



- Fully in-service: 2Q 2019

Grand Prix Mainline Exiting Permian Basin(1):
- 24 inch diameter: 300 MBbl/d (expandable to 550 MBbl/d)

Grand Prix Mainline North Texas to Mont Belvieu(1):
- 30 inch diameter: 450 MBbl/d (expandable to 950 MBbl/d)

Grand Prix Extension into Southern Oklahoma:
- Capacity varies based on telescoping pipeline

- Capacity expansions above by adding pumps as needed over time, with relatively low additional capital outlay

(1) Grand Prix economics related to volumes flowing on the pipeline from the Permian Basin to Mont Belvieu are included in the Blackstone and DevCo JV arrangements, while economics from volumes in North Texas and southern Oklahoma accrue solely to Targa's benefit


[http://wwwgisp.rrc.texas.gov/GISViewer2/ Retrieved on 0822/2018]
Gas Transmission
Crosby
1265
Mont Belvieu
Wallisville
Cove
Highlands
Channelview
Cloverleaf
Jacinto City
HARRIS
Houston
Galena Park
Baytown
Pasadena
Deer Park
South Houston
Beach City
La Porte
Trinity Bay
Galveston Bay
Seabrook
Pearland
Friendswood
Webster
League City
BRAZORIA
Manvel
Dickinson
GALVE