GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

March 20, 2019

Bobby Fryar
Superintendent
Reagan County Independent School District
1111 12th Street
Big Lake, Texas 76932

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Reagan County Independent School District and Targa Pipeline Mid-Continent Westtex LLC, Application 1314

Dear Superintendent Fryar:

On February 1, 2019, the Comptroller issued written notice that Targa Pipeline Mid-Continent Westtex LLC, Application (applicant) submitted a completed application (Application 1314) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on November 12, 2018, to the Reagan County 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 1314.

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, 2019.

Note that any building or improvement existing as of the application review start date of February 1, 2019, 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,

Lisa Craven

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Targa Pipeline Mid-Continent Westtex LLC (project) applying to Reagan County 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 Pipeline Mid-Continent Westtex LLC.

Applicant	Targa Pipeline Mid-Continent Westtex LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Reagan County ISD
2017-2018 Average Daily Attendance	752
County	Chambers
Proposed Total Investment in District	$110,000,000
Proposed Qualified Investment	$110,000,000
Limitation Amount	$30,000,000
Qualifying Time Period (Full Years)	2020-2021
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	$865.70
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$865.70
Minimum annual wage committed to by applicant for qualified jobs	$45,016.40
Minimum weekly wage required for non-qualifying jobs	$1,137.25
Minimum annual wage required for non-qualifying jobs	$59,137
Investment per Qualifying Job	$11,000,000
Estimated M&O levy without any limit (15 years)	$14,990,250
Estimated M&O levy with Limitation (15 years)	$7,198,016
Estimated gross M&O tax benefit (15 years)	$7,792,234

Table 2 is the estimated statewide economic impact of Targa Pipeline Mid-Continent Westtex LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	150	248	398	$6,752,460	$26,247,540	$33,000,000
2020	10	71	81	$450,164	$8,549,836	$9,000,000
2021	10	63	73	$450,164	$7,549,836	$8,000,000
2022	10	52	62	$450,164	$6,549,836	$7,000,000
2023	10	45	55	$450,164	$6,549,836	$7,000,000
2024	10	42	52	$450,164	$6,549,836	$7,000,000
2025	10	41	51	$450,164	$6,549,836	$7,000,000
2026	10	41	51	$450,164	$6,549,836	$7,000,000
2027	10	42	52	$450,164	$6,549,836	$7,000,000
2028	10	44	54	$450,164	$7,549,836	$8,000,000
2029	10	45	55	$450,164	$7,549,836	$8,000,000
2030	10	45	55	$450,164	$8,549,836	$9,000,000
2031	10	46	56	$450,164	$8,549,836	$9,000,000
2032	10	47	57	$450,164	$8,549,836	$9,000,000
2033	10	48	58	$450,164	$9,549,836	$10,000,000

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		Reagan County ISD I&S Tax Levy	Reagan County ISD M&O Tax Levy	Reagan County M&O and I&S Tax Levies	Reagan County Tax Levy	Santa Rita Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1200	1.1500		0.5483	0.0056	
2020	$110,000,000	$110,000,000		$132,000	$1,265,000	$1,397,000	$603,163	$6,127	$2,006,290
2021	$106,700,000	$106,700,000		$128,040	$1,227,050	$1,355,090	$585,068	$5,943	$1,946,101
2022	$103,400,000	$103,400,000		$124,080	$1,189,100	$1,313,180	$566,973	$5,759	$1,885,913
2023	$100,100,000	$100,100,000		$120,120	$1,151,150	$1,271,270	$548,878	$5,576	$1,825,724
2024	$96,800,000	$96,800,000		$116,160	$1,113,200	$1,229,360	$530,783	$5,392	$1,765,535
2025	$93,500,000	$93,500,000		$112,200	$1,075,250	$1,187,450	$512,689	$5,208	$1,705,347
2026	$90,200,000	$90,200,000		$108,240	$1,037,300	$1,145,540	$494,594	$5,024	$1,645,158
2027	$86,900,000	$86,900,000		$104,280	$999,350	$1,103,630	$476,499	$4,840	$1,584,969
2028	$83,600,000	$83,600,000		$100,320	$961,400	$1,061,720	$458,404	$4,657	$1,524,780
2029	$80,300,000	$80,300,000		$96,360	$923,450	$1,019,810	$440,309	$4,473	$1,464,592
2030	$77,000,000	$77,000,000		$92,400	$885,500	$977,900	$422,214	$4,289	$1,404,403
2031	$73,700,000	$73,700,000		$88,440	$847,550	$935,990	$404,119	$4,105	$1,344,214
2032	$70,400,000	$70,400,000		$84,480	$809,600	$894,080	$386,024	$3,921	$1,284,026
2033	$67,100,000	$67,100,000		$80,520	$771,650	$852,170	$367,929	$3,737	$1,223,837
2034	$63,800,000	$63,800,000		$76,560	$733,700	$810,260	$349,835	$3,554	$1,163,648
			Total	**$1,564,200**	**$14,990,250**	**$16,554,450**	**$7,147,482**	**$72,605**	**$23,774,537**

Source: CPA, Targa Pipeline Mid-Continent Westtex LLC

*Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Reagan 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.

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		Reagan County ISD I&S Tax Levy	Reagan County ISD M&O Tax Levy	Reagan County M&O and I&S Tax Levies	Reagan County Tax Levy	Santa Rita Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.1200	1.1500		0.5483	0.0056	
2020	$110,000,000	$30,000,000		$132,000	$45,016	$177,016	$301,582	$6,127	$484,725
2021	$106,700,000	$30,000,000		$128,040	$345,000	$473,040	$292,534	$5,943	$771,517
2022	$103,400,000	$30,000,000		$124,080	$345,000	$469,080	$283,487	$5,759	$758,326
2023	$100,100,000	$30,000,000		$120,120	$345,000	$465,120	$274,439	$5,576	$745,135
2024	$96,800,000	$30,000,000		$116,160	$345,000	$461,160	$265,392	$5,392	$731,943
2025	$93,500,000	$30,000,000		$112,200	$345,000	$457,200	$512,689	$5,208	$975,097
2026	$90,200,000	$30,000,000		$108,240	$345,000	$453,240	$494,594	$5,024	$952,858
2027	$86,900,000	$30,000,000		$104,280	$345,000	$449,280	$476,499	$4,840	$930,619
2028	$83,600,000	$30,000,000		$100,320	$345,000	$445,320	$458,404	$4,657	$908,380
2029	$80,300,000	$30,000,000		$96,360	$345,000	$441,360	$440,309	$4,473	$886,142
2030	$77,000,000	$77,000,000		$92,400	$885,500	$977,900	$422,214	$4,289	$1,404,403
2031	$73,700,000	$73,700,000		$88,440	$847,550	$935,990	$404,119	$4,105	$1,344,214
2032	$70,400,000	$70,400,000		$84,480	$809,600	$894,080	$386,024	$3,921	$1,284,026
2033	$67,100,000	$67,100,000		$80,520	$771,650	$852,170	$367,929	$3,737	$1,223,837
2034	$63,800,000	$63,800,000		$76,560	$733,700	$810,260	$349,835	$3,554	$1,163,648
			Total	**$1,564,200**	**$7,198,016**	**$8,762,216**	**$5,730,049**	**$72,605**	**$14,564,870**
			Diff	**$0**	**$7,792,234**	**$7,792,234**	**$1,417,433**	**$0**	**$9,209,667**

Source: CPA, Targa Pipeline Mid-Continent Westtex 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 Pipeline Mid-Continent Westtex 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	$0	$0	$0	$0
Limitation Period (10 Years)	2020	$345,000	$345,000	$920,000	$920,000
	2021	$345,000	$690,000	$882,050	$1,802,050
	2022	$345,000	$1,035,000	$844,100	$2,646,150
	2023	$345,000	$1,380,000	$806,150	$3,452,300
	2024	$345,000	$1,725,000	$768,200	$4,220,500
	2025	$345,000	$2,070,000	$730,250	$4,950,750
	2026	$345,000	$2,415,000	$692,300	$5,643,050
	2027	$345,000	$2,760,000	$654,350	$6,297,400
	2028	$345,000	$3,105,000	$616,400	$6,913,800
	2029	$345,000	$3,450,000	$578,450	$7,492,250
Maintain Viable Presence (5 Years)	2030	$885,500	$4,335,500	$0	$7,492,250
	2031	$847,550	$5,183,050	$0	$7,492,250
	2032	$809,600	$5,992,650	$0	$7,492,250
	2033	$771,650	$6,764,300	$0	$7,492,250
	2034	$733,700	$7,498,000	$0	$7,492,250
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	$695,750	$8,193,750	$0	$7,492,250
	2036	$657,800	$8,851,550	$0	$7,492,250
	2037	$619,850	$9,471,400	$0	$7,492,250
	2038	$581,900	$10,053,300	$0	$7,492,250
	2039	$543,950	$10,597,250	$0	$7,492,250
	2040	$506,000	$11,103,250	$0	$7,492,250
	2041	$468,050	$11,571,300	$0	$7,492,250
	2042	$430,100	$12,001,400	$0	$7,492,250
	2043	$392,150	$12,393,550	$0	$7,492,250
	2044	$354,200	$12,747,750	$0	$7,492,250

$12,747,750 is greater than **$7,492,250**

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 Pipeline Mid-Continent Westtex 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 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 Pipeline Mid-Continent Westtex, 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 Pipeline Mid-Continent Westtex, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. "Considering Targa's footprint in the midstream energy services sector, their flexibility in selecting a location to establish facilities in is based on the economic viability of locations, which are largely impacted by financial incentives such as value limitation agreements. In the event a 313 agreement is not permitted, Targa Pipeline Mid-Continent Westtex, LLC could relocate Gateway Plant L1 to another area more financially viable for the continuation of this project."
  - B. "Currently, Targa's operations span a variety of locations across the United States with 27,000 miles of pipeline, 40 gas processing plants, 4 gas & petroleum crude terminals, 1 hydrotreater, 1 gas treater, 18 NGL terminals, 3 petroleum logistics facilities, and 2 storage facilities across 11 states including Arizona, Florida, Kansas, Louisiana, Maryland, Mississippi, North Dakota, New Mexico, Oklahoma, Texas, and Washington.
  - C. "Gateway Plant L1's location within the Waha Hub connects the facility to a variety of market outlets for the natural gas that is gathered and processed, including several major interstate and intrastate pipelines serving California, the mid-continent region of the United States and the Texas/New Mexico natural gas markets. Targa's new and existing pipeline infrastructure present in New Mexico provides multiple locations for the establishment of Gateway Plant, L1. Specific areas outside of Texas being considered would include both Eddy and Lea County, New Mexico, which are located north of the Waha Hub."
- 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."
- Attached Targa Resources Grand Prix NGL Pipeline map with project location.

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

KE ANDREWS
VALUATION•TAX•SOLUTIONS

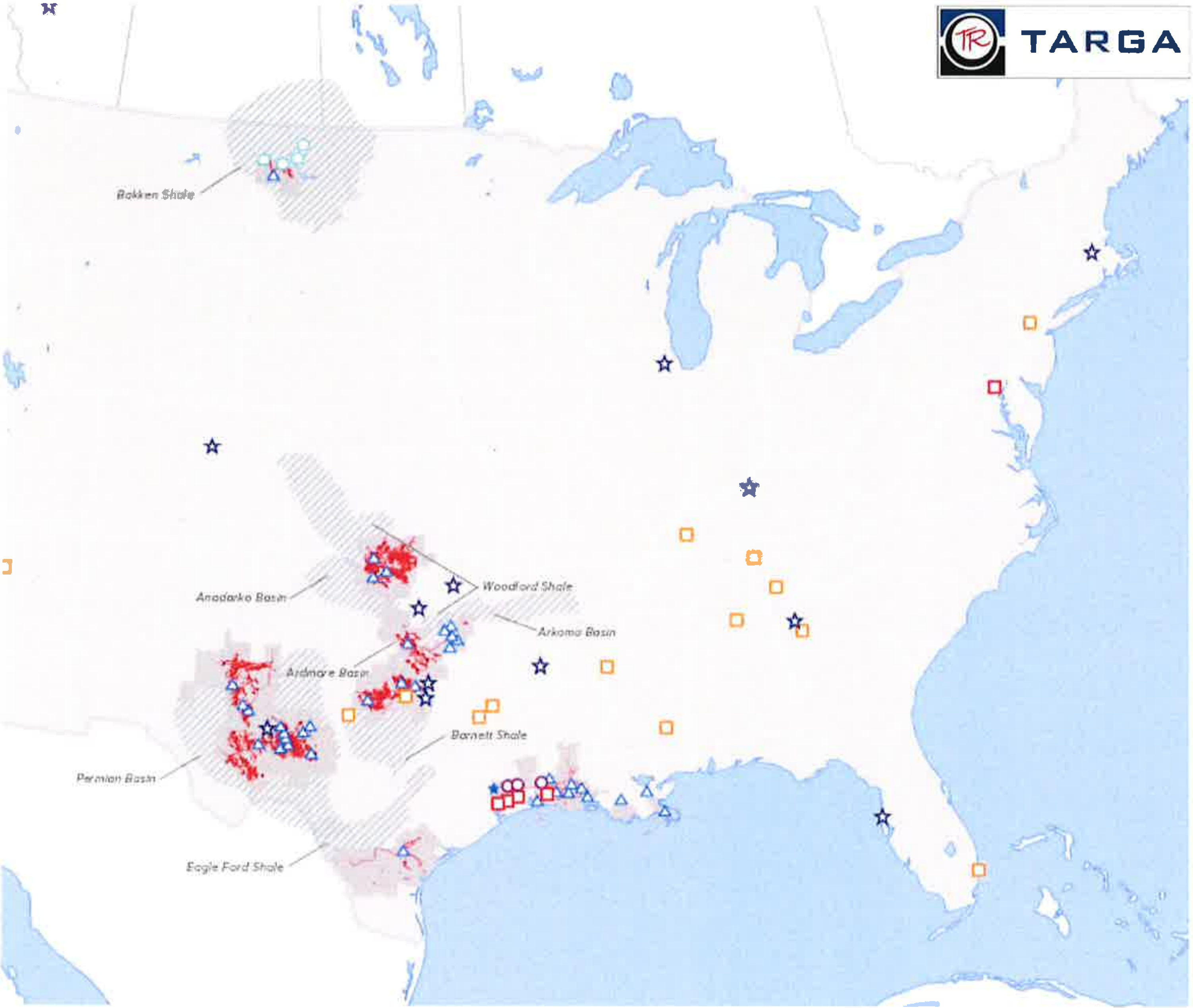
Tab 5

Limitation as a Determining Factor

Currently, Targa Pipeline Mid-Continent Westtex, LLC is considering a variety of other locations for the establishment of Gateway Plant L1 but believes Reagan County, Texas, would be an ideal location for this gas processing plant. Considering Targa's footprint in the midstream energy services sector, their flexibility in selecting a location to establish facilities in is based on the economic viability of locations, which are largely impacted by financial incentives such as value limitation agreements. In the event a 313 agreement is not permitted, Targa Pipeline Mid-Continent Westtex, LLC could relocate Gateway Plant L1 to another area more financially viable for the continuation of this project. Unfortunately, this would also dismiss Reagan County from receiving the economic benefits associated with the development of a gas processing facility within their county. It is our goal to reach a 313 value limitation agreement for Gateway Plant L1 for the benefit of both Reagan County, Texas, and Targa Pipeline Mid-Continent Westtex, LLC.

Targa Pipeline Mid-Continent Westtex, LLC is a leader in midstream energy production, and have consistently proved their dedication to the energy sector throughout Texas and the United States. Currently, Targa's operations span a variety of locations across the United States with 27,000 miles of pipeline, 40 gas processing plants, 4 gas & petroleum crude terminals, 1 hydrotreater, 1 gas treater, 18 NGL terminals, 3 petroleum logistics facilities, and 2 storage facilities across 11 states including Arizona, Florida, Kansas, Louisiana, Maryland, Mississippi, North Dakota, New Mexico, Oklahoma, Texas, and Washington. Their ability to distribute products throughout the country is supported by their investment in transportation assets that include 700 railcars, 90 tractors, and 20 barges.

**Gateway Plant L1's location within the Waha Hub connects the facility to a variety of market outlets for the natural gas that is gathered and processed, including several major interstate and intrastate pipelines serving California, the mid-continent region of the United States and the Texas/New Mexico natural gas markets. Targa's new and existing pipeline infrastructure present in New Mexico provides multiple locations for the establishment of Gateway Plant, L1. Specific areas outside of Texas being considered would include both Eddy and Lea County, New Mexico, which are located north of the Waha Hub.


Bakken Shale
Anadarko Basin
Woodford Shale
Arkoma Basin
Ardmore Basin
Barnett Shale
Permian Basin
Eagle Ford Shale

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 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
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February 6, 2018 9:32 AM

Gulf Coast Express Pipeline opens binding season for remaining capacity

Gulf Coast Express Pipeline

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

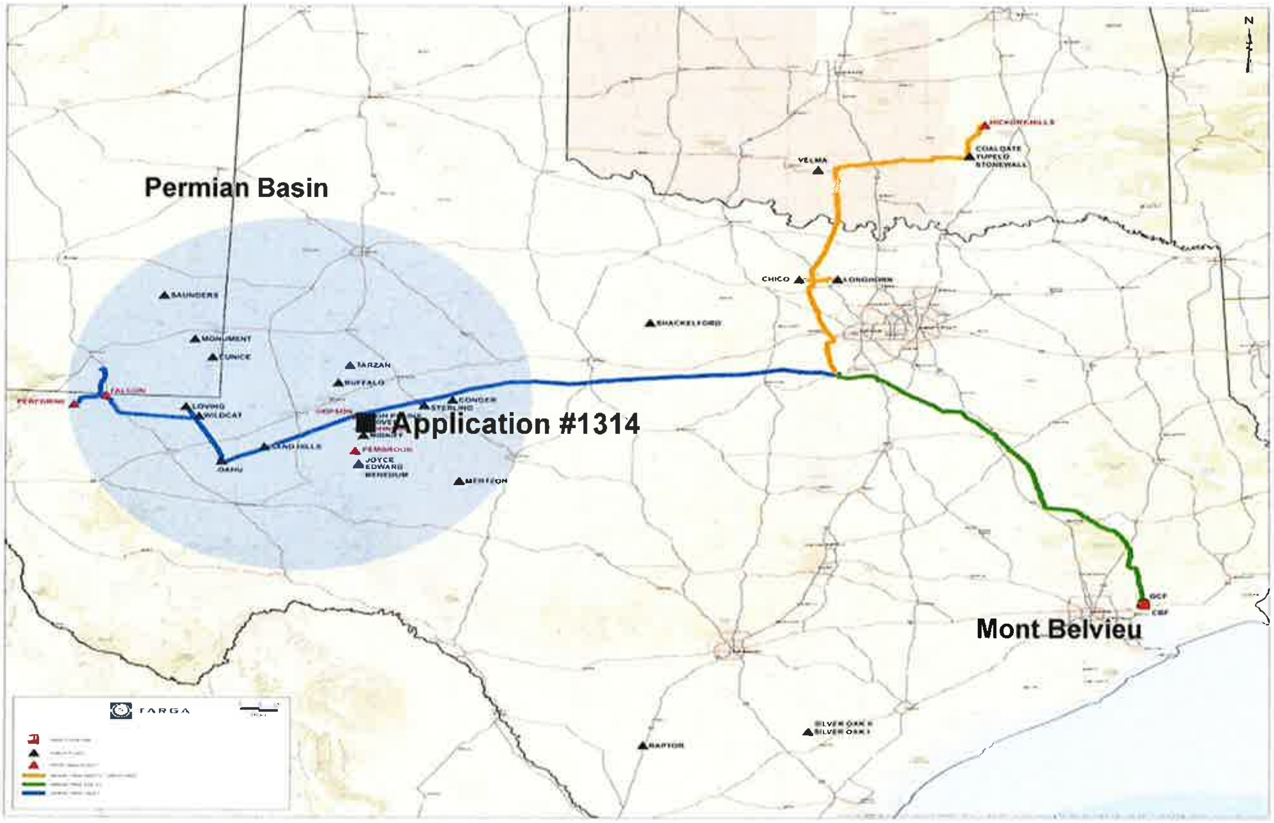
Related

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

Targa's Grand Prix NGL Pipeline Project

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

- Targa has the largest G&P position in the Permian Basin supported by substantial acreage dedic addition to its position in Southern Oklahoma and North Texas, which will direct significant NGL:
- 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 processing plants in the Permian, North Texas, and SouthOK systems
  - Also supported by significant long-term transportation and fractionation volume dedications and commitments from th



- Fully in-servic

Grand Prix Ma Permian Basin
  - 24 inch diai (expandabl

Grand Prix Ma to Mont Belvieu
  - 30 inch diai (expandabl

Grand Prix Ext Southern Okla
  - Capacity va telescoping

- Capacity expai adding pumps time, with relat capital outlay

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