GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 14, 2019

Kenneth Baugh
Superintendent
Culberson County-Allamoore Independent School District
400 West 7th Street
Van Horn, TX 79855

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 Delaware Processing, LLC, Application 1359

Dear Superintendent Baugh:

On June 27, 2019 the Comptroller issued written notice that Delaware Processing, LLC (applicant) submitted a completed application (Application 1359) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on April 1, 2019, 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 1359.

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 June 27, 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,

for 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 Delaware Processing, 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 Delaware Processing, LLC.

Applicant	Delaware Processing, LLC
Tax Code, 313.024 Eligibility Category	Manufacturing
School District	Culberson County-Allamoore ISD
2017-2018 Average Daily Attendance	339
County	Culberson
Proposed Total Investment in District	$125,000,000
Proposed Qualified Investment	$125,000,000
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	$811.27
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$811.27
Minimum annual wage committed to by applicant for qualified jobs	$42,186.10
Minimum weekly wage required for non-qualifying jobs	$993.25
Minimum annual wage required for non-qualifying jobs	$51,649
Investment per Qualifying Job	$12,500,000
Estimated M&O levy without any limit (15 years)	$15,878,900
Estimated M&O levy with Limitation (15 years)	$7,730,900
Estimated gross M&O tax benefit (15 years)	$8,148,000

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

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	200	244	444	$8,437,220	$21,562,780	$30,000,000
2020	210	288	498	$8,859,081	$28,140,919	$37,000,000
2021	10	66	76	$421,861	$9,578,139	$10,000,000
2022	10	48	58	$421,861	$7,578,139	$8,000,000
2023	10	30	40	$421,861	$5,578,139	$6,000,000
2024	10	22	32	$421,861	$4,578,139	$5,000,000
2025	10	21	31	$421,861	$3,578,139	$4,000,000
2026	10	23	33	$421,861	$3,578,139	$4,000,000
2027	10	26	36	$421,861	$4,578,139	$5,000,000
2028	10	31	41	$421,861	$4,578,139	$5,000,000
2029	10	35	45	$421,861	$5,578,139	$6,000,000
2030	10	38	48	$421,861	$5,578,139	$6,000,000
2031	10	39	49	$421,861	$6,578,139	$7,000,000
2032	10	41	51	$421,861	$6,578,139	$7,000,000
2033	10	42	52	$421,861	$6,578,139	$7,000,000

Source: CPA REMI, Delaware Processing, 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		Culberson County-Allamoore ISD I&S Tax Levy	Culberson County-Allamoore ISD M&O Tax Levy	Culberson County-Allamoore M&O and I&S Tax Levies	Culberson County Tax Levy	Culberson County Hospital District Tax Levy	Culberson County Groundwater District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.4566**	**0.9700**		**0.1853**	**0.1442**	**0.0525**	
2020	$22,000,000	$22,000,000		$100,448	$213,400	$313,848	$40,768	$31,715	$11,554	$397,886
2021	$125,000,000	$125,000,000		$570,726	$1,212,500	$1,783,226	$231,638	$180,200	$65,650	$2,260,714
2022	$125,000,000	$125,000,000		$570,726	$1,212,500	$1,783,226	$231,638	$180,200	$65,650	$2,260,714
2023	$120,000,000	$120,000,000		$547,897	$1,164,000	$1,711,897	$222,372	$172,992	$63,024	$2,170,285
2024	$117,500,000	$117,500,000		$536,483	$1,139,750	$1,676,233	$217,739	$169,388	$61,711	$2,125,071
2025	$115,000,000	$115,000,000		$525,068	$1,115,500	$1,640,568	$213,107	$165,784	$60,398	$2,079,857
2026	$112,500,000	$112,500,000		$513,654	$1,091,250	$1,604,904	$208,474	$162,180	$59,085	$2,034,642
2027	$110,000,000	$110,000,000		$502,239	$1,067,000	$1,569,239	$203,841	$158,576	$57,772	$1,989,428
2028	$107,500,000	$107,500,000		$490,825	$1,042,750	$1,533,575	$199,208	$154,972	$56,459	$1,944,214
2029	$105,000,000	$105,000,000		$479,410	$1,018,500	$1,497,910	$194,576	$151,368	$55,146	$1,899,000
2030	$102,500,000	$102,500,000		$467,996	$994,250	$1,462,246	$189,943	$147,764	$53,833	$1,853,785
2031	$100,000,000	$100,000,000		$456,581	$970,000	$1,426,581	$185,310	$144,160	$52,520	$1,808,571
2032	$97,500,000	$97,500,000		$445,166	$945,750	$1,390,916	$180,677	$140,556	$51,207	$1,763,357
2033	$95,000,000	$95,000,000		$433,752	$921,500	$1,355,252	$176,045	$136,952	$49,894	$1,718,142
2034	$92,500,000	$92,500,000		$422,337	$897,250	$1,319,587	$171,412	$133,348	$48,581	$1,672,928
2035	$90,000,000	$90,000,000		$410,923	$873,000	$1,283,923	$166,779	$129,744	$47,268	$1,627,714
	$87,500,000									
			Total	**$7,474,231**	**$15,878,900**	**$23,353,131**	**$3,033,525**	**$2,359,899**	**$859,752**	**$29,606,307**

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

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Culberson 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		Culberson County-Allamoore ISD I&S Tax Levy	Culberson County-Allamoore ISD M&O Tax Levy	Culberson County-Allamoore M&O and I&S Tax Levies	Culberson County Tax Levy	Culberson County Hospital District Tax Levy	Culberson County Groundwater District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.4566**	**0.9700**		**0.1853**	**0.1442**	**0.0525**	
2020	$22,000,000	$22,000,000		$100,448	$213,400	$313,848	$40,768	$31,715	$11,554	$386,331
2021	$125,000,000	$30,000,000		$570,726	$291,000	$861,726	$92,655	$180,200	$65,650	$1,134,581
2022	$125,000,000	$30,000,000		$570,726	$291,000	$861,726	$92,655	$180,200	$65,650	$1,134,581
2023	$120,000,000	$30,000,000		$547,897	$291,000	$838,897	$88,949	$172,992	$63,024	$1,100,838
2024	$117,500,000	$30,000,000		$536,483	$291,000	$827,483	$87,096	$169,388	$61,711	$1,083,966
2025	$115,000,000	$30,000,000		$525,068	$291,000	$816,068	$85,243	$165,784	$60,398	$1,067,095
2026	$112,500,000	$30,000,000		$513,654	$291,000	$804,654	$83,390	$162,180	$59,085	$1,050,223
2027	$110,000,000	$30,000,000		$502,239	$291,000	$793,239	$81,536	$158,576	$57,772	$1,033,352
2028	$107,500,000	$30,000,000		$490,825	$291,000	$781,825	$79,683	$154,972	$56,459	$1,016,480
2029	$105,000,000	$30,000,000		$479,410	$291,000	$770,410	$77,830	$151,368	$55,146	$999,608
2030	$102,500,000	$30,000,000		$467,996	$291,000	$758,996	$75,977	$147,764	$53,833	$982,737
2031	$100,000,000	$100,000,000		$456,581	$970,000	$1,426,581	$185,310	$144,160	$52,520	$1,756,051
2032	$97,500,000	$97,500,000		$445,166	$945,750	$1,390,916	$180,677	$140,556	$51,207	$1,712,150
2033	$95,000,000	$95,000,000		$433,752	$921,500	$1,355,252	$176,045	$136,952	$49,894	$1,668,248
2034	$92,500,000	$92,500,000		$422,337	$897,250	$1,319,587	$171,412	$133,348	$48,581	$1,624,347
2035	$90,000,000	$90,000,000		$410,923	$873,000	$1,283,923	$166,779	$129,744	$47,268	$1,580,446
			Total	**$7,474,231**	**$7,730,900**	**$15,205,131**	**$1,766,004**	**$2,359,899**	**$859,752**	**$19,331,034**
			Diff	**$0**	**$8,148,000**	**$8,148,000**	**$1,267,520**	**$0**	**$0**	**$10,275,273**

Source: CPA, Delaware Processing, 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 Delaware Processing, 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	$213,400	$213,400	$0	$0
Limitation Period (10 Years)	2021	$291,000	$504,400	$921,500	$921,500
	2022	$291,000	$795,400	$921,500	$1,843,000
	2023	$291,000	$1,086,400	$873,000	$2,716,000
	2024	$291,000	$1,377,400	$848,750	$3,564,750
	2025	$291,000	$1,668,400	$824,500	$4,389,250
	2026	$291,000	$1,959,400	$800,250	$5,189,500
	2027	$291,000	$2,250,400	$776,000	$5,965,500
	2028	$291,000	$2,541,400	$751,750	$6,717,250
	2029	$291,000	$2,832,400	$727,500	$7,444,750
	2030	$291,000	$3,123,400	$703,250	$8,148,000
Maintain Viable Presence (5 Years)	2031	$970,000	$4,093,400	$0	$8,148,000
	2032	$945,750	$5,039,150	$0	$8,148,000
	2033	$921,500	$5,960,650	$0	$8,148,000
	2034	$897,250	$6,857,900	$0	$8,148,000
	2035	$873,000	$7,730,900	$0	$8,148,000
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	$848,750	$8,579,650	$0	$8,148,000
	2037	$824,500	$9,404,150	$0	$8,148,000
	2038	$800,250	$10,204,400	$0	$8,148,000
	2039	$776,000	$10,980,400	$0	$8,148,000
	2040	$751,750	$11,732,150	$0	$8,148,000
	2041	$727,500	$12,459,650	$0	$8,148,000
	2042	$703,250	$13,162,900	$0	$8,148,000
	2043	$679,000	$13,841,900	$0	$8,148,000
	2044	$654,750	$14,496,650	$0	$8,148,000
	2045	$630,500	$15,127,150	$0	$8,148,000
		$15,127,150	is greater than	**$8,148,000**	

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, Delaware Processing, 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 Delaware Processing, 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 Delaware Processing, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "Delaware Processing, LLC is a subsidiary of EnLink Midstream, LLC."
  B. "EnLink Midstream, LLC is always evaluating various manufacturing projects for development and where to commit substantial long-term investment based on economic rate of return on investment in the proposed projects. In regard to the Tiger Plant, EnLink Midstream, LLC is considering areas in New Mexico, specifically Eddy or Lea County for the establishment of this site."
  C. "With the property tax liabilities making up a substantial ongoing cost of operation that directly impacts the rate of return on the investment for the Tiger Plant. Without the tax incentive, the economics of this project will be less competitive with other capital-intensive projects and the viability of the proposed project becomes uncertain."
  D. "EnLink Midstream, LLC evaluates the rate of return with the proposed project's 313 appraised value limitation agreement and without the value limitation agreement. If the rate of return with the valuation limitation agreement exceeds the minimum rate of return, they can proceed with the proposed investment. Therefore, receiving a value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize EnLink Midstream, LLC to invest capital in the proposed project rather than making an alternative investment. This makes the ability to enter into a Chapter 313 appraised value limitation agreement with the school district "the determining factor" to invest in this project."
- According to the EnLink Midstream, LLC news release dated May 2, 2019, "We plan to construct a 200 MMcf/d gas processing plant in the Delaware Basin. We expect the plant to be operational in 2020."

- Per EnLink Midstream, LLC's First Quarter Results Announcement, dated April 30, 2019, EnLink Midstream "[a]ccelerated growth plans in the Permian's Delaware Basin with the planned construction of a new, 200 million cubic feet per day (MMcf/d) natural gas processing plant in response to increased production estimates by a key producer customer."

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

Tab 5

Limitation as a Determining Factor

Delaware Processing, LLC is a subsidiary of EnLink Midstream, LLC. EnLink Midstream operates a differentiated midstream platform that is built for long-term, sustainable value creation. They are dedicated to connecting energy to life through midstream services that improve their customers' business, employees' lives, local communities, and investor returns. EnLink Midstream, LLC provides integrated midstream services across natural gas, crude oil, condensate, and NGL commodities. Their purposely built, integrated asset platforms are in premier production basins and core demand centers, including Permian Basin, Oklahoma, North Texas, Ohio River Valley, and the Gulf Coast.

EnLink Midstream, LLC is always evaluating various manufacturing projects for development and where to commit substantial long-term investment based on economic rate of return on investment in the proposed projects. In regard to the Tiger Plant, EnLink Midstream, LLC is considering areas in New Mexico, specifically Eddy or Lea County for the establishment of this site.

The economic benefits provided by a Chapter 313 Value Limitation is one of the most important components in their analysis. Not only EnLink Midstream, LLC but all prudent manufactures, know tax incentives play an important role in attracting capital intensive manufacturing facilities due to the high property tax burden in Texas because of the direct impact on any proposed project's economic viability, so the decision to invest in Texas, or any other state, requires any capital investment by EnLink Midstream, LLC to be based on expected economic return on their investment.

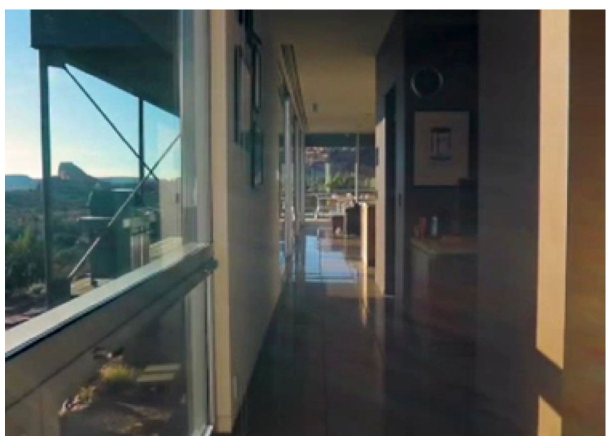
With the property tax liabilities making up a substantial ongoing cost of operation that directly impacts the rate of return on the investment for the Tiger Plant. Without the tax incentive, the economics of this project will be less competitive with other capital-intensive projects and the viability of the proposed project becomes uncertain. EnLink Midstream, LLC evaluates the rate of return with the proposed project's 313 appraised value limitation agreement and without the value limitation agreement. If the rate of return with the valuation limitation agreement exceeds the minimum rate of return, they can proceed with the proposed investment. Therefore, receiving a value limitation agreement under Chapter 313 results in significant annual operating cost savings which would incentivize EnLink Midstream, LLC to invest capital in the proposed project rather than making an alternative investment. This makes the ability to enter into a Chapter 313 appraised value limitation agreement with the school district "the determining factor" to invest in this project.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

PRESS RELEASE

10-Q: ENLINK MIDSTREAM, LLC



By
Published: May 2, 2019 6:08 a.m. ET

(EDGAR Online via COMTEX) -- Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Please read the following discussion of our financial condition and results of operations in conjunction with the financial statements and notes thereto included elsewhere in this report. In addition, please refer to the Definitions page set forth in this report prior to Part I-Financial Information.

In this report, the terms "Company" or "Registrant," as well as the terms "ENLC," "our," "we," "us," or like terms, are sometimes used as abbreviated references to EnLink Midstream, LLC itself or EnLink Midstream, LLC together with its consolidated subsidiaries, including ENLK and its consolidated subsidiaries. References in this report to "EnLink Midstream Partners, LP," the "Partnership," "ENLK" or like terms refer to EnLink Midstream Partners, LP itself or EnLink Midstream Partners, LP together with its consolidated subsidiaries, including the Operating Partnership and EOGP.

Overview

ENLC is a Delaware limited liability company formed in October 2013. ENLC's assets consist of equity interests in ENLK and, effective January 25, 2019, ENLC owns all of the outstanding common units of ENLK as a result of the closing of the Merger described in "Item 1. Financial Statements-Note 1-General." All of our midstream energy assets are owned and operated by ENLK and its subsidiaries. We primarily focus on providing midstream energy services, including:

gathering, compressing, treating, processing, transporting, storing, and selling natural gas;

fractionating, transporting, storing, and selling NGLs; and gathering, transporting, stabilizing, storing, trans-loading, and selling crude oil and condensate, in addition to brine disposal services.

Our midstream energy asset network includes approximately 11,000 miles of pipelines, 20 natural gas processing plants with approximately 5.0 Bcf/d of processing capacity, seven fractionators with approximately 280,000 Bbls/d of fractionation capacity, barge and rail terminals, product storage facilities, purchasing and marketing capabilities, brine disposal wells, a crude oil trucking fleet, and equity investments in certain joint ventures. We manage and report our activities primarily according to the nature of activity and geography. We have five reportable segments:

Permian Segment. The Permian segment includes our natural gas gathering, processing, and transmission activities and our crude oil operations in the Midland and Delaware Basins in west Texas and eastern New Mexico and our crude operations in south Texas;

North Texas Segment. The North Texas segment includes our natural gas gathering, processing, and transmission activities in north Texas;

Oklahoma Segment. The Oklahoma segment includes our natural gas gathering, processing, and transmission activities, and our crude oil operations in the Cana-Woodford, Arkoma-Woodford, northern Oklahoma Woodford, STACK, and CNOW shale areas;

Louisiana Segment. The Louisiana segment includes our natural gas pipelines, natural gas processing plants, storage facilities, fractionation facilities, and NGL assets located in Louisiana and our crude oil operations in ORV; and

Corporate Segment. The Corporate segment includes our unconsolidated affiliate investments in the Cedar Cove JV in Oklahoma, our ownership interest in GCF in south Texas, our derivative activity, and our general corporate assets and expenses.

We manage our operations by focusing on gross operating margin because our business is generally to gather, process, transport, or market natural gas, NGLs, crude oil, and condensate using our assets for a fee. We earn our fees through various fee-based contractual arrangements, which include stated fee-only contract arrangements or arrangements with fee-based components where we purchase and resell commodities in connection with providing the related service and earn a net margin as our fee. We earn our net margin under our purchase and resell contract arrangements primarily as a result of stated service-related fees that are deducted from the price of the commodity purchase. While our transactions vary in form, the essential element of most of our transactions is the use of our assets to transport a product or provide a processed product to an end-user or marketer at the tailgate of the plant, pipeline, or barge, truck, or rail terminal. We define gross operating margin as operating revenue minus cost of sales. Gross operating margin is a non-GAAP financial measure and is explained in greater detail under "Non-GAAP Financial Measures" below. Approximately 91% of our gross operating margin was derived from fee-based

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contractual arrangements with minimal direct commodity price exposure for the three months ended March 31, 2019. We reflect revenue as "Product sales" and "Midstream services" on the consolidated statements of operations.

Devon is one of our primary customers. For the three months ended March 31, 2019 and 2018, approximately 30.0% and 39.0%, respectively, of our gross operating margin was attributable to commercial contracts with Devon.

Our revenues and gross operating margins are generated from eight primary sources:

gathering and transporting natural gas, NGLs, and crude oil on the pipeline systems we own;

processing natural gas at our processing plants;

fractionating and marketing recovered NGLs;

providing compression services;

providing crude oil and condensate transportation and terminal services;

providing condensate stabilization services;

providing brine disposal services; and

providing natural gas, crude oil, and NGL storage.

We gather, transport, or store gas owned by others under fee-only contract arrangements based either on the volume of gas gathered, transported, or stored or, for firm transportation arrangements, a stated monthly fee for a specified monthly quantity with an additional fee based on actual volumes. We also buy natural gas from producers or shippers at a market index less a fee-based deduction subtracted from the purchase price of the natural gas. We then gather or transport the natural gas and sell the natural gas at a market index, thereby earning a margin through the fee-based deduction. We attempt to execute substantially all purchases and sales concurrently, or we enter into a future delivery obligation, thereby establishing the basis for the fee we will receive for each natural gas transaction. We are also party to certain long-term gas sales commitments that we satisfy through supplies purchased under long-term gas purchase agreements. When we enter into these arrangements, our sales obligations generally match our purchase obligations. However, over time, the supplies that we have under contract may decline due to reduced drilling or other causes, and we may be required to satisfy the sales obligations by buying additional gas at prices that may exceed the prices received under the sales commitments. In our purchase/sale transactions, the resale price is generally based on the same index at which the gas was purchased.

We typically buy mixed NGLs from our suppliers to our gas processing plants at a fixed discount to market indices for the component NGLs with a deduction for our fractionation fee. We subsequently sell the fractionated NGL products based on the same index-based prices. To a lesser extent, we transport and fractionate or store NGLs owned by others for a fee based on the volume of NGLs transported and fractionated or stored. The operating results of our NGL fractionation business are largely dependent upon the volume of mixed NGLs fractionated and the level of fractionation fees charged. With our fractionation business, we also have the opportunity for product upgrades for each of the discrete NGL products. We realize higher gross operating margins from product upgrades during periods with higher NGL prices.

We gather or transport crude oil and condensate owned by others by rail, truck, pipeline, and barge facilities under fee-only contract arrangements based on volumes gathered or transported. We also buy crude oil and condensate on our own gathering systems, third-party systems, and trucked from producers at a market index less a stated transportation deduction. We then transport and resell the crude oil and condensate through a process of basis and fixed price trades. We execute substantially all purchases and sales concurrently, thereby establishing the net margin we will receive for each crude oil and condensate transaction.

We realize gross operating margins from our gathering and processing services primarily through different contractual arrangements: processing margin ("margin") contracts, POL contracts, POP contracts, fixed-fee component contracts, or a combination of these contractual arrangements. "See Item 3. Quantitative and Qualitative Disclosures about Market Risk-Commodity Price Risk" for a detailed description of these contractual arrangements. Under any of these gathering and processing arrangements, we may earn a fee for the services performed, or we may buy and resell the gas and/or NGLs as part of the processing arrangement and realize a net margin as our fee. Under margin contract arrangements, our gross operating margins are higher during periods of high NGL prices relative to natural gas prices. Gross operating margin results under POL contracts are impacted only by the value of the liquids produced with margins higher during periods of higher liquids prices. Gross operating margin results under POP contracts are impacted only by the value of the natural gas and liquids produced with margins higher during periods of higher natural gas and liquids prices. Under fixed-fee based contracts, our gross operating margins are driven by throughput volume.

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Operating expenses are costs directly associated with the operations of a particular asset. Among the most significant of these costs are those associated with direct labor and supervision, property insurance, property taxes, repair and maintenance expenses, contract services, and utilities. These costs are normally fairly stable across broad volume ranges and therefore do not normally increase or decrease significantly in the short term with increases or decreases in the volume of gas, liquids, crude oil, and condensate moved through or by our assets.

Recent Developments

Senior Unsecured Notes due 2029. On April 9, 2019, ENLC issued $500.0 million in aggregate principal amount of ENLC's 5.375% senior unsecured notes due June 1, 2029 (the "2029 Notes") at a price to the public of 100% of their face value. Interest payments on the 2029 Notes are payable on June 1 and December 1 of each year, beginning December 1, 2019. The 2029 Notes are fully and unconditionally guaranteed by ENLK. Net proceeds of approximately $496.5 million were used to repay outstanding borrowings under the Consolidated Credit Facility, including borrowings incurred on April 1, 2019 to repay at maturity all of the $400.0 million outstanding aggregate principal amount of ENLK's 2.70% senior unsecured notes due 2019, and for general limited liability company purposes.

Simplification of the Corporate Structure. On October 21, 2018, ENLK, ENLC, the General Partner, the managing member of ENLC, and NOLA Merger Sub entered into the Merger Agreement pursuant to which, on January 25, 2019, NOLA Merger Sub merged with and into ENLK, with ENLK continuing as the surviving entity and as a subsidiary of ENLC.

Reporting Segments. Effective January 1, 2019, we are reporting financial performance in five segments: Permian, North Texas, Oklahoma, Louisiana, and Corporate. Crude and condensate operations are combined regionally with natural gas and NGL operations in the Oklahoma and Permian segments, and ORV operations are included in the Louisiana segment. See "Item 1. Financial Statements-Note 14-Segment Information" for more information regarding reporting segments.

Transfer of EOGP Interest. On January 31, 2019, ENLC transferred its 16.1% limited partner interest in EOGP to the Operating Partnership. See "Item 1. Financial Statements-Note 1-General" for more information regarding this transaction.

Lobo Natural Gas Gathering and Processing Facilities. In early April 2019, we completed construction of a 100 MMcf/d expansion to our Lobo III cryogenic gas processing plant, bringing the total operational processing capacity at our Lobo facilities to 375 MMcf/d.

Cajun-Sibon Pipeline. In April 2019, we completed the expansion of our Cajun-Sibon NGL pipeline capacity, which connects the Mont Belvieu NGL hub to our fractionation facilities in Louisiana. This is the third phase of our Cajun-Sibon system referred to as Cajun Sibon III, which increases throughput capacity from 130,000 bbls/d to 185,000 bbls/d.

Avenger Crude Oil Gathering System. We commenced construction on a new crude oil gathering system in the northern Delaware Basin called Avenger. Avenger is supported by a long-term contract with Devon on dedicated acreage in their Todd and Potato Basin development areas in Eddy and Lea counties in New Mexico. We commenced initial operations on Avenger during the third quarter of 2018 and expect to begin full-service operations during the second quarter of 2019. Central Oklahoma Plants. In December 2017, we commenced construction on our Thunderbird Plant to expand our central Oklahoma processing capacity by an additional 200 MMcf/d gas processing plant. We expect to begin operations on the Thunderbird Plant during the second quarter of 2019.

Riptide Processing Plant. We commenced an expansion of our Riptide processing plant. We expect an additional 65MMcf/d of operational capacity to be completed during the fourth quarter of 2019.

Delaware Basin processing plant. We plan to construct a 200 MMcf/d gas processing plant in the Delaware Basin. We expect the plant to be operational in 2020.

Non-GAAP Financial Measures

We include the following non-GAAP financial measures: Adjusted earnings before interest, taxes, and depreciation and amortization ("adjusted EBITDA"), distributable cash flow available to common unitholders ("distributable cash flow"), and gross operating margin.

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Adjusted EBITDA

We define adjusted EBITDA as net income (loss) plus interest expense, provision (benefit) for income taxes, depreciation and amortization expense, impairments, unit-based compensation, (gain) loss on non-cash derivatives, (gain) loss on disposition of assets, (gain) loss on extinguishment of debt, successful transaction costs, accretion expense associated with asset retirement obligations, non-cash rent, and distributions from unconsolidated affiliate investments, less payments under onerous performance obligations, non-controlling interest, income (loss) from unconsolidated affiliate investments, and non-cash revenue from contract restructuring. Adjusted EBITDA is a primary metric used in our short-term incentive program for compensating employees. In addition, adjusted EBITDA is used as a supplemental liquidity and performance measure by our management and by external users of our financial statements, such as investors, commercial banks, research analysts, and others, to assess:

the financial performance of our assets without regard to financing methods, capital structure, or historical cost basis;

the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness, and make cash distributions to our unitholders;

our operating performance and return on capital as compared to those of other companies in the midstream energy sector, without regard to financing methods or capital structure, and

the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

The GAAP measures most directly comparable to adjusted EBITDA are net income

Adjusted EBITDA does not include interest expense, income taxes, or depreciation and amortization expense. Because we have borrowed money to finance our operations, interest expense is a necessary element of our costs and our ability to generate cash available for distribution. Because we use capital assets, depreciation and amortization are also necessary elements of our costs. Therefore, any measures that exclude these elements have material limitations. To compensate for these limitations, we believe that it is important to consider net income (loss) and net cash provided by operating activities as determined under GAAP, as well as adjusted EBITDA, to evaluate our overall performance.

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The following tables reconcile adjusted EBITDA to the most directly comparable GAAP measure for the periods indicated (in millions):

Reconciliation of net income (loss) to adjusted EBITDA Three Months Ended March 31, 2019 2018 Net income (loss) $ (134.8) $ 57.1 Interest expense, net of interest income 49.6 44.5 Depreciation and amortization 152.1 138.1 Impairments 186.5 - Income from unconsolidated affiliates (5.3) (3.0) Distributions from unconsolidated affiliates 2.5 6.0 Loss on disposition of assets - 0.1 Unit-based compensation 11.1 5.1 Income tax provision 1.8 7.0 Loss on non-cash derivatives 2.0 3.5 Payments under onerous performance obligation offset to other current and long-term liabilities (4.5) (4.5) Transaction costs (1) 13.5 - Other (2) 0.3 1.0 Adjusted EBITDA before non-controlling interest 274.8 254.9 Non-controlling interest share of adjusted EBITDA from joint ventures (3) (6.6) (3.6) Adjusted EBITDA, net to ENLC $ 2[illegible].2 $ 2[illegible]

(2) Includes accretion expense associated with asset retirement obligations and non-cash rent, which relates to lease incentives pro-rated over the lease term.

(3) Non-controlling interest share of adjusted EBITDA from joint ventures includes NGP's 49.9% share of adjusted EBITDA from the Delaware Basin JV, Marathon Petroleum Corporation's 50% share of adjusted EBITDA from the Ascension JV, and other minor non-controlling interests.

Distributable Cash Flow

We define distributable cash flow as adjusted EBITDA, net to ENLC, less interest expense, interest rate swaps, current income taxes and other non-distributable cash flows, accrued cash distributions on ENLK Series B Preferred Units and ENLK Series C Preferred Units paid or expected to be paid, and maintenance capital expenditures, excluding maintenance capital expenditures that were contributed by other entities and relate to the non-controlling interest share of our consolidated entities. Distributable cash flow is used as a supplemental liquidity measure by our management and by external users of our financial statements, such as investors, commercial banks, research analysts, and others, to assess the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness, and make cash distributions.

Maintenance capital expenditures include capital expenditures made to replace partially or fully depreciated assets in order to maintain the existing operating capacity of the assets and to extend their useful lives. Examples of maintenance capital expenditures are expenditures to refurbish and replace pipelines, gathering assets, well connections, compression assets, and processing assets up to their original operating capacity, to maintain pipeline and equipment reliability, integrity, and safety, and to address environmental laws and regulations.

The GAAP measure most directly comparable to distributable cash flow is net cash provided by operating activities. Distributable cash flow should not be considered as an alternative to, or more meaningful than, net income (loss), operating income (loss), net cash provided by operating activities, or any other measure of liquidity presented in accordance with GAAP. Distributable cash flow has important limitations because it excludes some items that affect net income

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Reconciliation of net cash provided by operating activities to adjusted EBITDA

and Distributable Cash Flow (in millions) Three Months Ended March 31, 2019 Net cash provided by operating activities $ 264.0 Interest expense (1) 49.5 Current income tax expense 1.0 Transaction costs (2) 13.5 Other (3) (1.5) Changes in operating assets and liabilities which (provided) used cash: Accounts receivable, accrued revenues, inventories and other (97.4) Accounts payable, accrued product purchases, and other accrued liabilities (4) 45.7 Adjusted EBITDA before non-controlling interest 274.8 Non-controlling interest share of adjusted EBITDA from joint ventures (5) (6.6) Adjusted EBITDA, net to ENLC 268.2 Interest expense, net of interest income (49.6) Current taxes and other (2.5) Maintenance capital expenditures, net to ENLC (6) (8.5) ENLK preferred unit accrued cash distributions (7) (22.7) Distributable cash flow $ 184.9

(2) Represents transaction costs incurred related to the Merger.

(3) Includes accruals for settled commodity swap transactions.

(4) Net of payments under onerous performance obligation offset to other current and long-term liabilities.

(5) Non-controlling interest share of adjusted EBITDA from joint ventures includes NGP's 49.9% share of adjusted EBITDA from the Delaware Basin JV, Marathon Petroleum Corporation's 50% share of adjusted EBITDA from the Ascension JV, and other minor non-controlling interests.

(6) Excludes maintenance capital expenditures that were contributed by other entities and relate to the non-controlling interest share of our consolidated entities.

(7) Represents the cash distributions earned by the ENLK Series B Preferred Units and ENLK Series C Preferred Units of $16.7 million and $6.0 million, respectively, for the three months ended March 31, 2019. Cash distributions to be paid to holders of the ENLK Series B Preferred Units and ENLK Series C Preferred Units are not available to common unitholders.

Distributable cash flow is not presented for the three months ended March 31, 2018 because distributable cash flow was not used as a supplemental liquidity measure by ENLC during 2018. ENLC began using distributable cash flow as a supplemental liquidity measure in 2019 as a result of the simplification of our corporate structure in the Merger.

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Gross Operating Margin

We define gross operating margin as revenues less cost of sales. We present gross operating margin by segment in "Results of Operations." We disclose gross operating margin in addition to total revenue because it is the primary performance measure used by our management. We believe gross operating margin is an important measure because, in general, our business is to gather, process, transport, or market natural gas, NGLs, condensate, and crude oil for a fee or to purchase and resell natural gas, NGLs, condensate, and crude oil for a margin. Operating expense is a separate measure used by our management to evaluate operating performance of field operations. Direct labor and supervision, property insurance, property taxes, repair and maintenance, utilities, and contract services comprise the most significant portion of our operating expenses. We do not deduct operating expenses from total revenue in calculating gross operating margin because these expenses are largely independent of the volumes we transport or process and fluctuate depending on the activities performed during a specific period. The GAAP measure most directly comparable to gross operating margin is operating income (loss). Gross operating margin should not be considered an alternative to, or more meaningful than, operating income (loss) as determined in accordance with GAAP. Gross operating margin has important limitations because it excludes all operating costs that affect operating income (loss) except cost of sales. Our gross operating margin may not be comparable to similarly-titled measures of other companies because other entities may not calculate these amounts in the same manner.

The following table provides a reconciliation of operating income to gross operating margin (in millions):

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May 02, 2019

The MarketWatch News Department was not involved in the creation of the content.

EnLink Midstream Reports First Quarter 2019 Results and Announces Accelerated, Capital-Efficient Growth in the Permian Basin

04.30.19

DALLAS, April 30, 2019 /PRNewswire/ -- EnLink Midstream, LLC (NYSE: ENLC) (EnLink or ENLC) reported financial results for the first quarter of 2019 and announced accelerated, capital-efficient growth plans in the Permian Basin. EnLink also updated and reaffirmed certain full-year 2019 company-level financial guidance measures.

MIDSTREAM

First Quarter 2019 Highlights

- Reported a net loss solely due to a goodwill impairment resulting from the close of the corporate simplification transaction. Excluding the goodwill impact, net income was in line with expectations.
- Delivered adjusted EBITDA, distributable cash flow, and distribution coverage results ahead of company and the Street expectations, driven by the company's diversified midstream platform and execution of highly accretive growth projects. Adjusted EBITDA and distributable cash flow are non-GAAP measures and are explained in greater detail under "Non-GAAP Financial Information and Certain Definitions."
- Accelerated growth plans in the Permian's Delaware Basin with the planned construction of a new, 200 million cubic feet per day (MMcf/d) natural gas processing plant in response to increased production estimates by a key producer customer.
- Signed two new commercial contracts for onloading natural gas processing volumes in the Permian's Midland Basin, which support the expansion of EnLink's Riptide facility by 65 MMcf/d, at a growth capital expenditure estimate of approximately $8 million.
- Placed Cajun-Sibon III natural gas liquids (NGL) pipeline expansion and Lobo III natural gas processing plant expansion into service, in line with expectations.
- Maintained estimated overall net company growth capital expenditures guidance in the range announced on February 19, 2019.
- Declared a quarterly cash distribution of $0.279 per unit on all outstanding common units, which represents approximately 6% growth from the prior quarter on an annualized basis.

"EnLink continues to execute well on our long-term strategic plan, and we are very pleased with the strong, diversified cash flows generated by our differentiated midstream platform," said Michael J. Garberding, EnLink President and Chief Executive Officer. "We continue to grow our strategic asset positions by putting highly efficient capital to work. Our long-term growth outlook remains robust, with an exciting runway of high-return projects to bring on line, and we remain committed to creating and returning value to our stakeholders with a focus on capital allocation."

First Quarter 2019 Financial Results

- Reported a net loss of $176 million, which included the recognition of a $187 million non-cash charge related to goodwill that was created at the formation of EnLink in 2014. This non-cash charge occurred because of the simplification transaction that closed on January 25, 2019.
- Achieved adjusted EBITDA net to ENLC of $268 million, which exceeded company and the Street expectations.
- Reported net cash provided by operating activities of $264 million.
- Achieved distributable cash flow of $185 million, which exceeded company and the Street expectations.
- Distribution coverage was 1.35x, which exceeded company and the Street expectations.
- Debt-to-adjusted EBITDA, as calculated under the terms of EnLink's credit facility, was 3.7x, in line with company expectations.
- Growth capital expenditures, net to EnLink, were approximately $220 million, which was consistent with company expectations, as most major capital projects will be operational during the first half of the year.
- As of April 25, 2019, ENLC had 487,170,379 common units outstanding.

Accelerated Growth in the Permian Basin and Related Asset Expansions

- EnLink continues to have success with building scale in the Delaware Basin and is accelerating expectations for natural gas gathering and processing volume growth as a result of the company's longstanding relationship in the region with XTO, a subsidiary of Exxon Mobil. XTO is one of the most active operators in the Permian Basin, and its recent production estimates were significantly upgraded. EnLink now forecasts that its Lobo natural gas processing complex will near full utilization sooner than expected, with the need for additional capacity during 2020. EnLink plans to construct a new, 200 MMcf/d natural gas processing plant in the Delaware Basin, which is expected to be operational during 2020, to support XTO's incremental growth.

This project will be included in EnLink's Delaware Basin Joint Venture, of which EnLink owns a 50.1% interest. The project is forecasted to have an adjusted EBITDA return multiple in the 5-to-6 times range. Growth capital expenditures, net to EnLink, related to the plant expansion and related infrastructure are expected to be approximately $120 million, with approximately $60 million forecasted to be spent during 2019.

EnLink recently signed two contracts in the Midland Basin to onload additional natural gas processing volumes, commencing in the second quarter of 2019. These contracts underpin EnLink's low-cost expansion of its Riptide facility in the Midland Basin, which is expected to be operational during the fourth quarter of 2019. Riptide's current processing capacity of 100 MMcf/d will be expanded by 65 MMcf/d, for a total processing capacity of 165 MMcf/d once the expansion is complete. The growth capital expenditures associated with the expansion are expected to be approximately $8 million, with a highly accretive project adjusted EBITDA multiple forecasted to be in the 1-to-2 times range.

Full-Year 2019 Financial and Operational Guidance Update

EnLink reaffirms company-level financial 2019 guidance ranges presented in materials released on February 19, 2019, with an adjustment to reflect the impact of a non-cash goodwill charge associated with the recently closed corporate simplification transaction.

Net income is projected to range from $18 million to $28 million for full-year 2019, revised downward from the previous guidance range of $205 million to $215 million because of the recognition of a non-cash charge during the three months ended March 31, 2019, related to goodwill that was created at the formation of EnLink in 2014. This non-cash charge occurred because of the simplification transaction, which closed on January 25, 2019. Excluding the non-cash charge impact, net income expectations would be consistent with original guidance.

Growth capital expenditures, net to EnLink, continue to be projected to range from $565 million to $725 million. EnLink expects the net incremental growth capital expenditures in the Permian Basin related to new project announcements to be primarily offset by reduced growth capital expenditures in other segments.

First Quarter 2019 Segment Updates

Oklahoma:

EnLink's Oklahoma segment reported strong growth in segment profit year over year. Segment profit for the first quarter of 2019, as compared to the first quarter of 2018, increased by approximately 15%. All segment information for the first quarter of 2018 has been recast to conform to the presentation of the four operating segments, which became effective on January 1, 2019.

The Oklahoma segment also experienced natural gas volume growth year over year, with the first quarter of 2019 gas gathering, transportation, and processing volumes increasing over 15% from the first quarter of 2018.

Growth in average natural gas gathering, transportation, and processing volumes for 2019 full-year as compared to 2018 full-year actual results is forecasted to be in the range of 10% to 15%. A few of EnLink's key producer customers continue to transition and evolve their drilling and completion strategies, which has led EnLink to revise near-term volume growth expectations. EnLink remains confident in the STACK's position as a top tier growth play and the long-term growth profile of EnLink's leading asset platform in the basin.

Crude gathering volumes in the first quarter of 2019 also increased significantly year over year, over 200% from the first quarter 2018, due to the ramping of the company's crude gathering business in the STACK.

Construction of EnLink's previously announced Thunderbird processing plant is progressing well and remains on track to be operational during the second quarter of 2019. Once operational, Thunderbird will increase EnLink's gas processing capacity in Central Oklahoma by 200 MMcf/d, bringing EnLink's total gas processing capacity in the region to over 1.2 billion cubic feet per day. EnLink's ongoing development in Central Oklahoma reinforces its position as one of the largest and most cost-efficient providers of natural gas processing in the STACK. EnLink continues to work closely with its producer customers as they continue to transition towards full field development of their acreage in the STACK.

Permian Basin:

EnLink's Permian Basin segment reported strong segment profit growth during the first quarter of 2019, as compared to the first quarter of 2018, with segment profit increasing more than 100% year over year.

Natural gas volume activity also experienced solid growth during the first quarter of 2019, as compared to the first quarter of 2018, with average gathering, transportation, and processing volumes increasing more than 50% year over year.

Average crude gathering volumes continued to increase during the first quarter of 2019, as compared to the first quarter of 2018, with approximately 37% growth experienced year over year.

Louisiana:

Segment profit contribution from the Louisiana segment for the first quarter of 2019, as compared to the first quarter of 2018, was solid, as volume activity strengthened in most areas of operations.

The integrated NGL network continues to benefit from strong liquids output related to EnLink's growing STACK and Permian operations. Average NGL volumes on EnLink's system increased by approximately 10% in the first quarter of 2019, as compared to the first quarter of 2018.

Cajun-Sibon III went into service during the second quarter of 2019, expanding EnLink's ability to transport liquids from the Mont Belvieu NGL hub region to EnLink's fractionation facilities in Louisiana. Cajun-Sibon III expands EnLink's NGL transport capacity to approximately 185,000 barrels per day. The expansion is expected to generate an average annual adjusted EBITDA multiple of 2 to 3 times, with growth capital expenditures totaling approximately $50 million.

EnLink experienced solid natural gas volume activity on its Louisiana system during the first quarter of 2019, as compared to the first quarter of 2018, with natural gas processing volumes increasing by approximately 6% due to incremental opportunity processing events. Natural gas gathering and transportation volumes were down by approximately 7% during the first quarter of 2019, as compared to the first quarter of 2018, which was in line with expectations.

Average crude volumes handled in EnLink's Ohio River Valley operations increased during the first quarter of 2019, as compared to the first quarter of 2018, by approximately 25%, due to improved producer activity in the region.

North Texas:

Segment profit declined by approximately 16% for the first quarter of 2019, as compared to the first quarter of 2018, in line with company expectations, because of the expiration of minimum volume commitments with Devon Energy Corp. on December 31, 2018.

Average natural gas volume decline for the first quarter of 2019, as compared to the first quarter of 2018, was between 3% and 5% for gathering, transportation, and processing volumes.

First Quarter 2019 Earnings Call Details

ENLC will hold a conference call to discuss first quarter 2019 results on Wednesday, May 1, at 8 a.m. Central Time (9 a.m. Eastern Time). The dial-in number for the call is 1-855-656-0924. Callers outside the United States should dial 1-412-542-4172. Participants can also preregister for the conference call by navigating to http://dpregister.com/10129646 where they will receive dial-in information upon completion of preregistration. Interested parties can access an archived replay of the call on the Investors' page of EnLink's website at www.EnLink.com.

About the EnLink Midstream Companies

EnLink Midstream reliably operates a differentiated midstream platform that is built for long-term, sustainable value creation. EnLink's best-in-class services span the midstream value chain, providing natural gas, crude oil, condensate, and NGL capabilities. Our purposely built, integrated asset platforms are in premier production basins and core demand centers, including the Permian Basin, Oklahoma, North Texas, and the Gulf Coast. EnLink's strong financial foundation and commitment to execution excellence drive competitive returns and value for our employees, customers, and investors. Headquartered in Dallas, EnLink is publicly traded through EnLink Midstream, LLC (NYSE: ENLC). Visit www.EnLink.com to learn how EnLink connects energy to life.

Non-GAAP Financial Information and Other Definitions

This press release contains non-generally accepted accounting principles financial measures that we refer to as adjusted EBITDA, and distributable cash flow available to common unitholders (distributable cash flow). We define adjusted EBITDA as net income (loss) plus interest expense, provision (benefit) for income taxes, depreciation and amortization expense, impairments, unit-based compensation, (gain) loss on non-cash derivatives, (gain) loss on disposition of assets, (gain) loss on extinguishment of debt, successful transaction costs (if any), accretion expense associated with asset retirement obligations, non-cash rent, and distributions from unconsolidated affiliate investments less payments under onerous performance obligations, non-controlling interest, income (loss) from unconsolidated affiliate investments and non-cash revenue from contract restructuring. We define distributable cash flow as adjusted EBITDA (defined above, net to ENLC), less interest expense, interest rate swaps, current income taxes and other non-distributable cash flows, accrued cash distributions on EnLink Midstream Partners, LP's (ENLK) Series B Cumulative Convertible Preferred Units (the "ENLK Series B Preferred Units") and ENLK's Series C Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units (the "ENLK Series C Preferred Units") paid or expected to be paid, and maintenance capital expenditures, excluding maintenance capital expenditures that were contributed by other entities and relate to the non-controlling interest share of our consolidated entities.

Distribution coverage is calculated by dividing distributable cash flow by distributions declared to common unitholders.

Growth capital expenditures generally include capital expenditures made for acquisitions or capital improvements that we expect will increase our asset base, operating income or operating capacity over the long-term. Maintenance capital expenditures generally include capital expenditures made to replace partially or fully depreciated assets in order to maintain the existing operating capacity of the assets and to extend their useful lives.

EnLink believes these measures are useful to investors because they may provide users of this financial information with meaningful comparisons between current results and previously-reported results and a meaningful measure of the company's cash flow after it has satisfied the capital and related requirements of its operations. In addition, adjusted EBITDA achievement is a primary metric used in our short-term incentive program for compensating employees.

Segment profit (loss) is defined as operating income (loss) plus general and administrative expenses, depreciation and amortization, (gain) loss on disposition of assets, impairments, and (gain) loss on litigation settlement. Segment profit (loss) includes non-cash compensation expenses reflected in operating expenses. See "Item 8. Financial Statements and Supplementary Data - Note 15 - Segment Information" in ENLC's Annual Report on Form 10-K for the year ended December 31, 2018, and, when available, "Item 1. Financial Statements - Note 14-Segment Information" in ENLC's Quarterly Report on Form 10-Q for the three months ended March 31, 2019, for further information about segment profit (loss).

Adjusted EBITDA and distributable cash flow, as defined above, are not measures of financial performance or liquidity under GAAP. They should not be considered in isolation or as an indicator of EnLink's performance. Furthermore, they should not be seen as a substitute for metrics prepared in accordance with GAAP. Reconciliations of these measures to their most directly comparable GAAP measures are included in the following tables. See ENLC's filings with the Securities and Exchange Commission for more information.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the federal securities laws. Although these statements reflect the current views, assumptions and expectations of our management, the matters addressed herein involve certain assumptions, risks and uncertainties that could cause actual activities, performance, outcomes and results to differ materially from those indicated herein. Therefore, you should not rely on any of these forward-looking statements. All statements, other than statements of historical fact, included in this press release constitute forward-looking statements, including but not limited to statements identified by the words "forecast," "may," "believe," "will," "should," "plan," "predict," "anticipate," "intend," "estimate," and "expect" and similar expressions. Such forward-looking statements include, but are not limited to, statements about guidance, projected or forecasted financial and operating results, when additional capacity will be operational, timing for completion of construction or expansion projects, expected financial and operational results associated with certain projects or growth capital expenditures, future *operational results of our customers, results in certain basins, future rig count information, objectives, strategies, expectations, and intentions, and other statements that are not historical facts. Factors that could result in such differences or otherwise materially affect our financial condition, results of operations, or cash flows include, without limitation (a) potential conflicts of interest of Global Infrastructure Partners ("GIP") with us and the potential for GIP to favor GIP's own interests to the detriment of the unitholders, (b) GIP's ability to compete with us and the fact that it is not required to offer us the opportunity to acquire additional assets or businesses, (c) a default under GIP's credit facility could result in a change in control of us, could adversely affect the price of our common units, and could result in a default under our credit facility, (d) the dependence on Devon for a substantial portion of the natural gas and crude that we gather, process, and transport, (e) developments that materially and adversely affect Devon or other customers, (f) adverse developments in the midstream business may reduce our ability to make distributions, (g) continually competing for crude oil, condensate, natural gas, and NGL supplies and any decrease in the availability of such commodities, (h) decreases in the volumes that we gather, process, fractionate, or transport, (i) construction risks in our major development projects, (j) our ability to receive or renew required permits and other approvals, (k) changes in the availability and cost of capital, including as a result of a change in our credit rating, (l) operating hazards, natural disasters, weather-related issues or delays, casualty losses, and other matters beyond our control, (m) impairments to goodwill, long-lived assets and equity method investments, and (n) the effects of existing and future laws and governmental regulations, including environmental and climate change requirements and other uncertainties. These and other applicable uncertainties, factors, and risks are described more fully in EnLink Midstream Partners, LP's and EnLink Midstream, LLC's filings with the Securities and Exchange Commission, including EnLink Midstream Partners, LP's and EnLink Midstream, LLC's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. Neither EnLink Midstream Partners, LP nor EnLink Midstream, LLC assumes any obligation to update any forward-looking statements.*

The EnLink management team based the forecasted financial information included herein on certain information and assumptions, including, among others, the producer budgets / forecasts to which EnLink has access as of the date of this press release and the projects / opportunities expected to require growth capital expenditures as of the date of this press release. The assumptions, information, and estimates underlying the forecasted financial *information included in the guidance information in this press release are inherently uncertain and, though considered reasonable by the EnLink management team as of the date of its preparation, are subject to a wide variety of significant business, economic, and competitive risks and uncertainties that could cause actual results to differ materially from those contained in the forecasted financial information. Accordingly, there can be no assurance that the forecasted results are indicative of EnLink's future performance or that actual results will not differ materially from those presented in the forecasted financial information. Inclusion of the forecasted financial information in this press release should not be regarded as a representation by any person that the results contained in the forecasted financial information will be achieved.*

EnLink Midstream, LLC

Selected Financial Data

(All amounts in millions except per unit amounts)

(Unaudited)

	Three Months Ended March 31,	
	2019	**2018**
Total revenues	$ 1,779.2	$ 1,761.7
Cost of sales	1,363.4	1,381.5
Gross operating margin	415.8	380.2
Operating costs and expenses, excluding cost of sales:		
Operating expenses	114.5	109.2
General and administrative	51.4	27.5
Loss on disposition of assets	—	0.1
Depreciation and amortization	152.1	138.1
Impairments	186.5	—
Total operating costs and expenses, excluding cost of sales	504.5	274.9

Operating income (loss)	(88.7)	105.3
Other income (expense):		
Interest expense, net of interest income	(49.6)	(44.5)
Income from unconsolidated affiliates	5.3	3.0
Other income	—	0.3
Total other expense	(44.3)	(41.2)
Income (loss) before non-controlling interest and income taxes	(133.0)	64.1
Income tax provision	(1.8)	(7.0)
Net income (loss)	(134.8)	57.1
Net income attributable to non-controlling interest	41.5	44.7
Net income (loss) attributable to ENLC	$ (176.3)	$ 12.4
Net income (loss) attributable to ENLC per unit:		
Basic common unit	$ (0.45)	$ 0.07
Diluted common unit	$ (0.45)	$ 0.07

EnLink Midstream, LLC

Reconciliation of Net Income to Adjusted EBITDA

(All amounts in millions except ratios and per unit amounts) (Unaudited)

	Three Months Ended March 31,	
	2019	**2018**
Net income (loss)	$ (134.8)	$ 57.1
Interest expense, net of interest income	49.6	44.5
Depreciation and amortization	152.1	138.1
Impairments	186.5	—

Income from unconsolidated affiliates	(5.3)	(3.0)
Distributions from unconsolidated affiliates	2.5	6.0
Loss on disposition of assets	—	0.1
Unit-based compensation	11.1	5.1
Income tax provision	1.8	7.0
Loss on non-cash derivatives	2.0	3.5
Payments under onerous performance obligation offset to other current and long-term liabilities	(4.5)	(4.5)
Transaction costs (1)	13.5	—
Other (2)	0.3	1.0
Adjusted EBITDA before non-controlling interest	274.8	254.9
Non-controlling interest share of adjusted EBITDA from joint ventures (3)	(6.6)	(3.6)
Adjusted EBITDA, net to ENLC	$ 268.2	$ 251.3

(1)Costs incurred related to the acquisition of all outstanding publicly held ENLK common units.

(2)Includes accretion expense associated with asset retirement obligations and non-cash rent, which relates to lease incentives pro-rated over the lease term.

(3)Non-controlling interest share of adjusted EBITDA includes NGP Natural Resources XI, L.P.'s ("NGP") 49.9% share of adjusted EBITDA from the Delaware Basin JV, Marathon Petroleum Corporation's 50% share of adjusted EBITDA from the Ascension JV, and other minor non-controlling interests.

EnLink Midstream, LLC

Reconciliation of Net Cash Provided by Operating Activities to Adjusted EBITDA

and Distributable Cash Flow

(All amounts in millions)

(Unaudited)

	Three Months Ended March 31,	
	2019	
Net cash provided by operating activities	$	264.0
Interest expense (1)		49.5
Current income tax expense		1.0
Transaction costs (2)		13.5
Other (3)		(1.5)
Changes in operating assets and liabilities which (provided) used cash:		
Accounts receivable, accrued revenues, inventories and other		(97.4)
Accounts payable, accrued product purchases, and other accrued liabilities (4)		45.7
Adjusted EBITDA before non-controlling interest		274.8
Non-controlling interest share of adjusted EBITDA from joint ventures (5)		(6.6)
Adjusted EBITDA, net to ENLC		268.2
Interest expense, net of interest income		(49.6)
Current taxes and other		(2.5)
Maintenance capital expenditures, net to ENLC (6)		(8.5)
ENLK preferred unit accrued cash distributions (7)		(22.7)
Distributable cash flow	$	184.9
Actual declared distribution to common unitholders	$	137.3
Distribution coverage		1.35x
Distributions declared per limited partner unit	$	0.279

(1)

Net of amortization of debt issuance costs and discount and premium, which are included in interest expense but not included in net cash provided by operating activities, and non-cash interest income, which is netted against interest expense but not included in adjusted EBITDA.

(2)Costs incurred related to the acquisition of all outstanding publicly held ENLK common units.

(3)Includes accruals for settled commodity swap transactions.

(4)Net of payments under onerous performance obligation offset to other current and long-term liabilities.

(5)Non-controlling interest share of adjusted EBITDA from joint ventures includes NGP's 49.9% share of adjusted EBITDA from the Delaware Basin JV, Marathon Petroleum Corporation's 50% share of adjusted EBITDA from the Ascension JV, and other minor non-controlling interests.

(6)Excludes maintenance capital expenditures that were contributed by other entities and relate to the non-controlling interest share of our consolidated entities.

(7)Represents the cash distributions earned by the ENLK Series B Preferred Units and ENLK Series C Preferred Units of $16.7 million and $6.0 million, respectively, for the three months ended March 31, 2019. Cash distributions to be paid to holders of the ENLK Series B Preferred Units and ENLK Series C Preferred Units are not available to common unitholders.

Distributable cash flow is not presented for the three months ended March 31, 2018 because distributable cash flow was not used as a supplemental liquidity measure by ENLC during 2018. ENLC began using distributable cash flow as a supplemental liquidity measure in 2019 as a result of the simplification of our corporate structure in the simplification transaction.

EnLink Midstream, LLC

Operating Data

(Unaudited)

	Three Months Ended March 31,	
	2019	**2018**

Midstream Volumes:

Permian Segment		
Gathering and Transportation (MMBtu/d)	657,500	424,000
Processing (MMBtu/d)	712,000	442,000
Crude Oil Handling (Bbls/d)	147,400	107,900
North Texas Segment		
Gathering and Transportation (MMBtu/d)	1,683,100	1,766,800
Processing (MMBtu/d)	729,800	752,100
Oklahoma Segment		
Gathering and Transportation (MMBtu/d)	1,244,400	1,047,900
Processing (MMBtu/d)	1,231,600	1,069,400
Crude Oil Handling (Bbls/d)	29,200	8,200
Louisiana Segment		
Gathering and Transportation (MMBtu/d)	2,070,500	2,222,900
Processing (MMBtu/d)	468,000	441,900
Crude Oil Handling (Bbls/d)	15,000	11,500
NGL Fractionation (Gals/d)	6,973,800	6,343,500
Brine Disposal (Bbls/d)	3,500	2,800

EnLink Midstream, LLC

Forward-Looking Reconciliation of Net Income to Full-Year Adjusted EBITDA Guidance (1)

(All amounts in millions)

(Unaudited)

	2019 Outlook		
	Low	**Midpoint**	**High**

Net income of EnLink Midstream, LLC (2)	$ 18	$ 23	$ 28
Interest expense, net of interest income	211	212	213
Depreciation and amortization	594	624	654
Impairments	187	187	187
Income from unconsolidated affiliate investments	(15)	(16)	(17)
Distributions from unconsolidated affiliate investments	14	15	16
Unit-based compensation	44	46	49
Income taxes	57	65	73
Payments under onerous performance obligation offset to other current and long-term liabilities	(10)	(10)	(10)
Cash receipts from contract restructuring (3)	17	17	17
Other (4)	(1)	(1)	(1)
Adjusted EBITDA before non-controlling interest	1,116	1,162	1,209
Non-controlling interest share of adjusted EBITDA from joint ventures (5)	(31)	(32)	(34)
Adjusted EBITDA, net to EnLink Midstream, LLC	1,085	1,130	1,175
Interest expense, net of interest income	(211)	(212)	(213)
Current taxes and other	(12)	(11)	(10)
Maintenance capital expenditures (6)	(40)	(50)	(60)
Preferred unit accrued distributions (7)	(92)	(92)	(92)
Distributable cash flow	$ 730	$ 765	$ 800

(1) Represents the forward-looking net income guidance for the year ended December 31, 2019 adjusted to include $187 million of non-cash impairment recognized in the first quarter of 2019. The forward-looking net income guidance excludes the potential impact of gains or losses on derivative activity, gains or losses on disposition of assets, impairment expense (other than the $187 million impairment recognized in the first quarter of 2019), gains or losses as a result of legal settlements, gains or losses on

extinguishment of debt, and the financial effects of future acquisitions. The exclusion of these items is due to the uncertainty regarding the occurrence, timing and/or amount of these events.

EnLink does not provide a reconciliation of forward-looking net cash provided by operating activities to adjusted EBITDA because the company is unable to predict with reasonable certainty changes in working capital, which may impact cash provided or used during the year. Working capital includes accounts receivable, accounts payable and other current assets and liabilities. These items are uncertain and depend on various factors outside the company's control.

(2)Net income includes estimated net income attributable to (i) NGP's 49.9% share of net income from the Delaware Basin JV, (ii) Marathon Petroleum Corp.'s 50% share of net income from the Ascension JV., and (iii) other minor non-controlling interests.

(3)Cash receipts from contract restructuring represents the amount due during 2019 under our secured loan receivable assumed with the gathering and processing contract restructured in May 2018.

(4)Includes (i) estimated accretion expense associated with asset retirement obligations and (ii) estimated non-cash rent, which relates to lease incentives pro-rated over the lease term.

(5)Non-controlling interest share of adjusted EBITDA includes estimates for (i) NGP's 49.9% share of adjusted EBITDA from the Delaware Basin JV, (ii) Marathon's 50% share of adjusted EBITDA from the Ascension JV and (iii) other minor non-controlling interests.

(6)Excludes maintenance capital expenditures that are contributed by other entities and relate to the non-controlling interest share of our consolidated entities.

(7)Represents the cash distributions earned by the ENLK Series B Preferred Units and ENLC Series C Preferred Units. Cash distributions to be paid to holders of the ENLK Series B Preferred Units and ENLC Series C Preferred Units are not available to common unitholders.

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