

Targa Resources Corp.  
Form 10-K  
March 01, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the fiscal year ended December 31, 2018

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-34991

TARGA RESOURCES CORP.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

20-3701075  
(I.R.S. Employer Identification No.)

811 Louisiana Street, Suite 2100, Houston, Texas  
(Address of principal executive offices)

77002  
(Zip Code)

(713) 584-1000

(Registrant's telephone number, including area code)

Securities registered pursuant to section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock	New York Stock Exchange

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Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

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

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

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$10,966.3 million on June 29, 2018, based on \$49.49 per share, the closing price of the common stock as reported on the New York Stock Exchange (NYSE) on such date.

As of February 21, 2019, there were 232,143,230 shares of the registrant's common stock, \$0.001 par value, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

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## CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS

Targa Resources Corp.'s (together with its subsidiaries, including Targa Resources Partners LP ("the Partnership" or "TRP"), "we," "us," "our," "Targa," "TRC," or the "Company") reports, filings and other public announcements may from time to time contain statements that do not directly or exclusively relate to historical facts. Such statements are "forward-looking statements." You can typically identify forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, by the use of forward-looking statements, such as "may," "could," "project," "believe," "anticipate," "expect," "estimate," "potential," "plan," "forecast" and other similar words.

All statements that are not statements of historical facts, including statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements.

These forward-looking statements reflect our intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside our control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Known risks and uncertainties include, but are not limited to, the following risks and uncertainties:

- the timing and extent of changes in natural gas, natural gas liquids, crude oil and other commodity prices, interest rates and demand for our services;
- the level and success of crude oil and natural gas drilling around our assets, our success in connecting natural gas supplies to our gathering and processing systems, oil supplies to our gathering systems and natural gas liquid supplies to our transportation and logistics and marketing facilities and our success in connecting our facilities to transportation services and markets;
- our ability to access the capital markets, which will depend on general market conditions and the credit ratings for the Partnership's and our debt obligations;
- the amount of collateral required to be posted from time to time in our transactions;
- our success in risk management activities, including the use of derivative instruments to hedge commodity price risks;
- the level of creditworthiness of counterparties to various transactions with us;
- changes in laws and regulations, particularly with regard to taxes, safety and protection of the environment;
- weather and other natural phenomena;
- industry changes, including the impact of consolidations and changes in competition;
- our ability to obtain necessary licenses, permits and other approvals;
- our ability to grow through acquisitions or internal growth projects and the successful integration and future performance of such assets;
- general economic, market and business conditions; and
- the risks described elsewhere in "Item 1A. Risk Factors" in this Annual Report and our reports and registration statements filed from time to time with the United States Securities and Exchange Commission ("SEC").

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could be inaccurate, and, therefore, we cannot assure you that the forward-looking statements included in this Annual Report will prove to be accurate. Some of these and other risks and uncertainties that could cause actual results to differ materially from such forward-looking statements are more fully described in "Item 1A. Risk Factors" in this Annual Report. Except as may be required by applicable law, we undertake no obligation to publicly update or advise of any change in any forward-looking statement, whether as a result of new information, future events or otherwise.



As generally used in the energy industry and in this Annual Report, the identified terms have the following meanings:

Bbl	Barrels (equal to 42 U.S. gallons)
BBtu	Billion British thermal units
Bcf	Billion cubic feet
Btu	British thermal units, a measure of heating value
/d	Per day
GAAP	Accounting principles generally accepted in the United States of America
gal	U.S. gallons
LIBOR	London Interbank Offered Rate
LPG	Liquefied petroleum gas
MBbl	Thousand barrels
MMBbl	Million barrels
MMBtu	Million British thermal units
MMcf	Million cubic feet
MMgal	Million U.S. gallons
NGL(s)	Natural gas liquid(s)
NYMEX	New York Mercantile Exchange
NYSE	New York Stock Exchange
SCOOP	South Central Oklahoma Oil Province
STACK	Sooner Trend, Anadarko, Canadian and Kingfisher



## PART I

### Item 1. Business.

#### Overview

Targa Resources Corp. (NYSE: TRGP) is a publicly traded Delaware corporation formed in October 2005. Targa is a leading provider of midstream services and is one of the largest independent midstream energy companies in North America. We own, operate, acquire, and develop a diversified portfolio of complementary midstream energy assets.

The following should be read in conjunction with our audited consolidated financial statements and the notes thereto. We have prepared our accompanying consolidated financial statements under GAAP and the rules and regulations of the SEC. Our accounting records are maintained in U.S. dollars and all references to dollars in this report are to U.S. dollars, except where stated otherwise. Our consolidated financial statements include our accounts and those of our majority-owned and/or controlled subsidiaries, and all significant intercompany items have been eliminated in consolidation. The address of our principal executive offices is 811 Louisiana Street, Suite 2100, Houston, Texas 77002, and our telephone number at this address is (713) 584-1000.

#### Our Operations

We are engaged in the business of:

- gathering, compressing, treating, processing, transporting and selling natural gas;
- storing, fractionating, treating, transporting and selling NGLs and NGL products, including services to LPG exporters;
- gathering, storing, terminaling and selling crude oil; and
- storing, terminaling and selling refined petroleum products.

To provide these services, we operate in two primary segments: (i) Gathering and Processing, and (ii) Logistics and Marketing (also referred to as the Downstream Business).

Our Gathering and Processing segment includes assets used in the gathering of natural gas produced from oil and gas wells and processing this raw natural gas into merchantable natural gas by extracting NGLs and removing impurities; and assets used for crude oil gathering and terminaling. The Gathering and Processing segment's assets are located in the Permian Basin of West Texas and Southeast New Mexico (including the Midland, Central and Delaware Basins); the Eagle Ford Shale in South Texas; the Barnett Shale in North Texas; the Anadarko, Ardmore, and Arkoma Basins in Oklahoma (including the SCOOP and STACK plays) and South Central Kansas; the Williston Basin in North Dakota; and the onshore and near offshore regions of the Louisiana Gulf Coast and the Gulf of Mexico.

Our Logistics and Marketing segment includes the activities and assets necessary to convert mixed NGLs into NGL products and also includes other assets and value-added services such as storing, fractionating, terminaling, transporting and marketing of NGLs and NGL products, including services to LPG exporters; storing and terminaling of refined petroleum products and crude oil and certain natural gas supply and marketing activities in support of our other businesses. The Logistics and Marketing segment also includes the Grand Prix Pipeline ("Grand Prix"), as well as our equity interest in the Gulf Coast Express Pipeline ("GCX"), which are both currently under construction and expected to begin operations during 2019. Grand Prix, once operational, will integrate our gathering and processing positions in the Permian Basin, Southern Oklahoma and North Texas with our downstream facilities in Mont Belvieu, Texas. The associated assets, including these pipeline projects, are generally connected to and supplied in part by our

Gathering and Processing segment and, except for the pipeline projects and smaller terminals, are located predominantly in Mont Belvieu and Galena Park, Texas, and in Lake Charles, Louisiana.

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## Acquisitions and Organic Growth Projects

Since the founding of our predecessor company in 2003, and since 2010, the year of our initial public offering, we have expanded our midstream natural gas and NGL services footprint substantially. The expansion of our business has been fueled by a combination of third-party acquisitions and major organic growth investments in our businesses. Third-party acquisitions included our 2012 acquisition of Saddle Butte Pipeline LLC's crude oil pipeline and terminal system and natural gas gathering and processing operations in North Dakota (referred to by us as "Badlands"), our 2015 acquisition of Atlas Pipeline Partners L.P. ("APL," renamed by us as Targa Pipeline Partners LP or "TPL"), and our 2017 acquisition of gas gathering and processing and crude oil gathering assets in the Permian Basin (referred to by us as the "Permian Acquisition"). As a result of these transactions, we acquired natural gas gathering, processing and treating assets in West Texas, South Texas, North Texas, Oklahoma and North Dakota, as well as crude oil gathering and terminal assets in North Dakota and West Texas.

We also continue to invest significant capital in our businesses and in Grand Prix, which connects many of our gathering and processing operations to our Downstream Business. We have invested approximately \$8.3 billion in growth capital expenditures since 2010, including approximately \$3.2 billion in 2018. These expansion investments are distributed across our businesses, with 53% to Gathering and Processing and 47% related to Logistics and Marketing. We expect to continue to invest in both large and small organic growth projects in 2019 and currently estimate that we will invest at least \$2.3 billion in organic growth capital expenditures for announced projects in 2019.

The map below highlights our more significant assets:

## Recent Developments

### Gathering and Processing Segment Expansion

#### Permian Midland Processing Expansions

In response to increasing production and to meet the infrastructure needs of producers, we have announced the construction of additional processing plants that further expand the gathering and processing footprint of our Permian Midland systems. These plants were announced in, or completed in, 2018:

¶ In February 2018, we announced plans to construct two new cryogenic natural gas processing plants, each with a processing capacity of 250 MMcf/d. The first plant, known as the Hopson Plant, is expected to begin operations early in the second quarter of 2019. The second plant, known as the Pembroke Plant, is expected to begin operations late in the second quarter of 2019.

¶ In May 2017, we announced plans to build a 200 MMcf/d cryogenic natural gas processing plant, known as the Johnson Plant, which began operations in September 2018.

¶ In November 2016, we announced plans to build the 200 MMcf/d cryogenic natural gas processing plant, known as the Joyce Plant, which began operations in March 2018.

#### Permian Delaware Processing Expansions

In March 2018, we announced that we entered into long-term fee-based agreements with an investment grade energy company for natural gas gathering and processing services in the Delaware Basin and for downstream transportation, fractionation and other related services. The agreements are underpinned by the customer's dedication of significant acreage within a large, well-defined area in the Delaware Basin. We are constructing approximately 220 miles of 12- to 24-inch high-pressure rich gas gathering pipelines across the Delaware Basin and a new 250 MMcf/d cryogenic natural gas processing plant (the "Falcon Plant") in the Delaware Basin that is expected to begin operations in the fourth quarter of 2019. We have also commenced acquiring long lead time items and have begun site preparation for a second 250 MMcf/d cryogenic natural gas processing plant (the "Peregrine Plant") in the Delaware Basin that is expected to begin operations in the second quarter of 2020.

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

In May 2017, we announced plans to build a new plant and further expand the gathering footprint of our Permian Delaware systems. This project included a new 250 MMcf/d cryogenic processing plant, known as the Wildcat Plant, which began operations in May 2018. In addition, a 60 MMcf/d cryogenic processing plant, known as the Oahu Plant, was placed into service in April 2018.

## Badlands

In January 2018, we announced the formation of a 50/50 joint venture with Hess Midstream Partners LP under which Targa will construct and operate a new 200 MMcf/d natural gas processing plant (the “LM4 Plant”) at Targa’s existing Little Missouri facility. The LM4 Plant is anticipated to be completed in the second quarter of 2019.

## SouthOK Expansion

In May 2017, we acquired a 150 MMcf/d natural gas processing plant (the “Flag City Plant”) located in Jackson County, Texas, from subsidiaries of Boardwalk Midstream LLC. In December 2017, ownership of the Flag City Plant assets was transferred to Centrahoma Processing, LLC, a joint venture that we operate (“Centrahoma” or the “Centrahoma Joint Venture”), and in which we have a 60% ownership interest; the remaining 40% ownership interest is held by MPLX LP (“MPLX”). The former Flag City Plant assets have been relocated to, and installed in, Hughes County, Oklahoma, as a new 150 MMcf/d cryogenic natural gas processing plant (the “Hickory Hills Plant”). The Hickory Hills Plant processes natural gas production from the Arkoma Woodford Basin and began operations in December 2018. In October 2018, Targa contributed the 120 MMcf/d cryogenic Tupelo Plant in Coal County, Oklahoma to Centrahoma. In conjunction with Targa’s contribution of both the Hickory Hills and Tupelo plant assets, MPLX made cash contributions to Centrahoma in order to maintain its 40% ownership interest in the expanded operations.

#### Eagle Ford Shale Natural Gas Gathering and Processing Joint Venture

In May 2018, Sanchez Midstream Partners LP (“Sanchez Midstream”) and we merged our respective 50% interests in the Carnero gathering and Carnero processing joint ventures, which own the high-pressure Carnero gathering line and Raptor natural gas processing plant, to form an expanded 50/50 joint venture in South Texas (the “Carnero Joint Venture”) that we operate. In connection with the joint venture merger transactions, the Carnero Joint Venture acquired our 200 MMcf/d Silver Oak II natural gas processing plant located in Bee County, Texas, which increased the processing capacity of the joint venture from 260 MMcf/d to 460 MMcf/d. Additional enhancements to the prior joint ventures included dedication of over 315,000 additional gross acres in the Western Eagle Ford, operated by Sanchez Energy Corporation (“Sanchez Energy” or “SN”), under a new long-term firm gas gathering and processing agreement. Including the initial dedication of approximately 105,000 gross acres (the “Catarina acreage”), the joint venture now has over 420,000 gross acres under a long-term dedication.

#### Downstream Segment Expansion

##### Grand Prix NGL Pipeline

In May 2017, we announced plans to construct a new common carrier NGL pipeline. The pipeline will transport NGLs from the Permian Basin and North Texas to our fractionation and storage complex in the NGL market hub at Mont Belvieu, Texas. Grand Prix will be supported by our volumes and other third-party customer volume commitments, and is expected to be fully in service in the third quarter of 2019.

In September 2017, we sold a 25% interest in our consolidated subsidiary, Grand Prix Pipeline LLC (the "Grand Prix Joint Venture"), which owns the portion of Grand Prix extending from the Permian Basin to Mont Belvieu, Texas, to funds managed by Blackstone Energy Partners (“Blackstone”). We are the operator and construction manager of Grand Prix.

Concurrent with the sale of the minority interest in the Grand Prix Joint Venture to Blackstone, we and EagleClaw Midstream Ventures, LLC ("EagleClaw"), a Blackstone portfolio company, executed a long-term Raw Product Purchase Agreement whereby EagleClaw dedicated and committed significant NGLs associated with EagleClaw's natural gas volumes produced or processed in the Delaware Basin.

##### Grand Prix NGL Pipeline Extension into Oklahoma

In March 2018, we announced an extension of Grand Prix into southern Oklahoma. The pipeline expansion is supported by long-term commitments of NGLs for both transportation and fractionation from our existing and future processing plants in the Arkoma area in our SouthOK system and from third-party commitments, including a long-term commitment of NGLs for transportation and fractionation with Valiant Midstream, LLC. The extension of Grand Prix into southern Oklahoma is not part of the Grand Prix Joint Venture.

The capacity of the 24-inch diameter pipeline segment from the Permian Basin will be approximately 300 MBbl/d, expandable to 550 MBbl/d. The pipeline segment from the Permian Basin will be connected to a 30-inch diameter pipeline segment in North Texas where Permian, North Texas and Oklahoma volumes will be connected to Mont Belvieu, and will have capacity of approximately 450 MBbl/d, expandable to 950 MBbl/d. The capacity from Oklahoma to North Texas will vary based on telescoping pipe size.

In February 2019, we announced an extension of Grand Prix from southern Oklahoma to the STACK region of Central Oklahoma where it will connect with Williams' new Bluestem Pipeline and link the Conway, Kansas, and Mont Belvieu, Texas, NGL markets. In connection with this project, Williams has committed significant volumes to us that we will transport on Grand Prix and fractionate at our Mont Belvieu facilities. Williams will also have an initial option to purchase a 20% equity interest in one of our recently announced fractionation trains (Train 7 or Train 8) in Mont Belvieu. This Grand Prix extension is expected to be completed in the first quarter of 2021.

Grand Prix volumes flowing on the pipeline from the Permian Basin to Mont Belvieu are included in the Blackstone and Grand Prix DevCo (as defined below) joint venture arrangements, while the volumes flowing from North Texas and Oklahoma to Mont Belvieu accrue solely to Targa's benefit.

Total growth capital spending on Grand Prix, including the extensions into Oklahoma, is now estimated to be approximately \$1.9 billion, with our portion of growth capital spending estimated to be approximately \$1.3 billion.

### Fractionation Expansion

In February 2018, we announced plans to construct a new 100 MBbl/d fractionation train in Mont Belvieu, Texas (“Train 6”), which is expected to begin operations in the second quarter of 2019. The total cost of the fractionation train and related infrastructure is expected to be approximately \$350 million.

In November 2018, we announced plans to construct two new 110 MBbl/d fractionation trains in Mont Belvieu, Texas (“Train 7 and Train 8”), which are expected to begin operations in the first quarter of 2020 and second quarter of 2020, respectively. The total cost of these fractionation trains and related infrastructure is expected to be approximately \$825 million.

### LPG Export Expansion

In February 2019, we announced plans to further expand our LPG export capabilities of propane and butanes at our Galena Park Marine Terminal by increasing refrigeration capacity and load rates. Our current effective export capacity of 7 MMBbl per month will increase to approximately 11 to 15 MMBbl per month, depending upon the mix of propane and butane demand, vessel size and availability of supply, among other factors. The total cost of the expansion and related infrastructure is expected to be approximately \$120 million and is expected to be completed in the third quarter of 2020.

### Gulf Coast Express Pipeline

In December 2017, we entered into definitive joint venture agreements with Kinder Morgan Texas Pipeline LLC (“KMTP”) and DCP Midstream Partners, LP (“DCP”) with respect to the joint development of the Gulf Coast Express Pipeline, a natural gas pipeline from the Waha hub, including direct connections to the tailgate of many of our Midland Basin processing facilities, to Agua Dulce in South Texas. The pipeline will provide an outlet for increased natural gas production from the Permian Basin to growing markets along the Texas Gulf Coast. We and DCP each own a 25% interest and KMTP owns a 35% interest in GCX. In December 2018, Altus Midstream Company exercised their option to purchase the remaining 15% interest, which was originally held by KMTP. KMTP will serve as the construction manager and operator of GCX. We have committed significant volumes to GCX. In addition, Pioneer Natural Resources Company (“Pioneer”), a joint owner in our WestTX Permian Basin assets, has committed volumes to the project. GCX is designed to transport up to 1.98 Bcf/d of natural gas and the total cost of the project is estimated to be approximately \$1.75 billion. GCX is expected to be in service in the fourth quarter of 2019, pending regulatory approvals.

### Development Joint Ventures



In February 2018, we also announced the formation of three development joint ventures (the “DevCo JVs”) with investment vehicles affiliated with Stonepeak Infrastructure Partners (“Stonepeak”). Stonepeak owns an 80% interest in both the GCX DevCo JV, which owns our 25% interest in GCX, and the Train 6 DevCo JV, which owns a 100% interest in certain assets associated with Train 6. Stonepeak owns a 95% interest in the Grand Prix DevCo JV, which owns a 20% interest in the Grand Prix Joint Venture. We hold the remaining interest of each DevCo JV, as well as control the management, construction and operation of Grand Prix and the fractionation train. The Train 6 DevCo JV will fund the fractionation train while we will fund 100% of the required brine, storage and other infrastructure that will support the fractionation train’s operations.

Stonepeak committed a maximum of approximately \$960 million of capital to the DevCo JVs, including an initial contribution of approximately \$190 million that was distributed to the Partnership to reimburse it for a portion of capital spent to date.

For a four-year period beginning on the earlier of the date that all three projects have commenced commercial operations or January 1, 2020, we have the option to acquire all or part of Stonepeak’s interests in the DevCo JVs. We may acquire up to 50% of Stonepeak’s invested capital in multiple increments with a minimum of \$100 million, and Stonepeak’s remaining 50% interest in a single final purchase. The purchase price payable for such partial or full interests would be based on a predetermined fixed return or multiple on invested capital, including distributions received by Stonepeak from the DevCo JVs.

### Channelview Splitter

On December 27, 2015, we and Noble Americas Corp., then an affiliate of Noble Group Ltd., entered into a long-term, fee-based agreement (the “Splitter Agreement”) under which we would build and operate a 35,000 Bbl/d crude oil and condensate splitter at our Channelview Terminal on the Houston Ship Channel (the “Channelview Splitter”). In January 2018, Vitol US Holding Co. (“Vitol”) acquired Noble Americas Corp. In December 2018, Vitol elected to terminate the Splitter Agreement.

The Channelview Splitter is currently in the process of start-up and commissioning and has an estimated total cost of approximately \$160 million. The Channelview Splitter will have the capability to split approximately 35,000 Bbl/d of crude oil and condensate into its various components, including naphtha, distillate, gas oil, kerosene/jet fuel and liquefied petroleum gas and will provide segregated storage for the crude and condensate and each of their components. We are working on third-party contracts and commercialization of the Channelview Splitter.

### Asset Sales and Divestitures

During the second quarter of 2018, we sold our inland marine barge business to a third party for approximately \$69 million. We continue to own and operate two ocean-going barges.

During the third quarter of 2018, we executed agreements to sell our refined products and crude oil storage and terminaling facilities in Tacoma, Washington, and Baltimore, Maryland, to a third party for approximately \$165 million. The sale closed in the fourth quarter of 2018 and the proceeds were used to repay debt and to fund a portion of our growth capital program.

In February 2019, we entered into definitive agreements to sell a 45% interest in Targa Badlands LLC, the entity that holds all of our assets in North Dakota, to funds managed by GSO Capital Partners and Blackstone Tactical Opportunities for \$1.6 billion. We will continue to be the operator of Targa Badlands LLC and will hold majority governance rights. Future growth capital is expected to be funded on a pro rata basis. Targa Badlands LLC will pay a minimum quarterly distribution to Blackstone and to Targa based on their initial investments, and Blackstone’s capital contributions will have a liquidation preference upon a sale of Targa Badlands LLC. We expect to use the net cash proceeds to pay down debt and for general corporate purposes, including funding our growth capital program. The transaction is expected to close in the second quarter of 2019 and is subject to customary regulatory approvals and closing conditions.

### Financing Activities

In April 2018, the Partnership issued \$1.0 billion aggregate principal amount of 5 % senior notes due 2026 (the “5 % Senior Notes due 2026”). The Partnership used the net proceeds of \$991.9 million after costs from this offering to repay borrowings under its credit facilities and for general partnership purposes.

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During the year ended December 31, 2018, we sold 6,315,711 shares of common stock under the equity distribution agreement under the universal shelf registration statement filed in May 2016 (the “December 2016 EDA”), resulting in net proceeds of \$318.6 million, and 7,527,902 shares of common stock under the equity distribution agreement under the universal shelf registration statement filed in May 2016 (the “May 2017 EDA”), receiving net proceeds of \$364.9 million. In September 2018, we terminated the December 2016 EDA.

On September 20, 2018, we entered into an equity distribution agreement under the universal shelf registration a statement filed in May 2016 (the “September 2018 EDA”), pursuant to which we may sell through our sales agents, at our option, up to an aggregate amount of \$750.0 million of our common stock. For the year ended December 31, 2018, no shares of common stock were issued under the September 2018 EDA.

On October 29, 2018, Standard & Poor’s Corporation (“S&P”) raised Targa’s corporate credit rating and its issue-level rating on senior unsecured notes to 'BB' from 'BB-' and raised the outlook to positive from stable.

On December 7, 2018, we amended and extended the Partnership’s accounts receivable securitization facility (the “Securitization Facility”) to increase the facility size from \$350.0 million to \$400.0 million with a termination date of December 6, 2019.

In January 2019, the Partnership issued \$750.0 million of 6½% Senior Notes due July 2027 and \$750.0 million of 6 % Senior Notes due January 2029, resulting in total net proceeds of \$1,488.8 million. The net proceeds from the offerings were used to redeem in full the Partnership’s outstanding senior notes due 2019 and the remainder is expected to be used for general partnership purposes, which

may include repaying borrowings under its credit facilities or other indebtedness, funding growth investments and acquisitions, and working capital.

#### TRC Revolver Amendment

In June 2018, we entered into an agreement to amend the TRC Revolver to extend the maturity date from February 2020 to June 2023. The available commitments of \$670.0 million and our ability to request additional commitments of \$200.0 million remained unchanged. The TRC Revolver continues to bear interest costs that are dependent on the ratio of non-Partnership consolidated funded indebtedness to consolidated Adjusted EBITDA, as defined in the TRC Revolver, and the covenants remained substantially the same.

#### TRP Revolver Amendment

In June 2018, the Partnership entered into an agreement to amend and restate the TRP Revolver, which extended the maturity date from October 2020 to June 2023, increased available commitments from \$1.6 billion to \$2.2 billion and lowered the applicable margin range and commitment fee range used in the calculation of interest. The Partnership's ability to request additional commitments of \$500.0 million remained unchanged.

The TRP Revolver bears interest, at the Partnership's option, either at the base rate or the Eurodollar rate. The base rate is equal to the highest of: (i) Bank of America's prime rate; (ii) the federal funds rate plus 0.5%; or (iii) the one-month LIBOR rate plus 1.0%, plus an applicable margin (a) before the collateral release date, ranging from 0.25% to 1.25% dependent on the Partnership's ratio of consolidated funded indebtedness to consolidated Adjusted EBITDA and (b) upon and after the collateral release date, ranging from 0.125% to 0.75% dependent on the Partnership's non-credit-enhanced senior unsecured long-term debt ratings. The Eurodollar rate is equal to LIBOR rate plus an applicable margin (i) before the collateral release date, ranging from 1.25% to 2.25% dependent on the Partnership's ratio of consolidated funded indebtedness to consolidated Adjusted EBITDA and (ii) upon and after the collateral release date, ranging from 1.125% to 1.75% dependent on the Partnership's non-credit-enhanced senior unsecured long-term debt ratings. The TRP Revolver also provides for the release of collateral and a concurrent reduction in loan and commitment fee margins should TRP achieve certain credit ratings.

The Partnership is required to pay a commitment fee equal to an applicable rate ranging from (a) before the collateral release date, 0.25% to 0.375% (dependent on the Partnership's ratio of consolidated funded indebtedness to consolidated Adjusted EBITDA) and (b) upon and after the collateral release date, 0.125% to 0.35% (dependent on the Partnership's non-credit-enhanced senior unsecured long-term debt ratings) times the actual daily average unused portion of the TRP Revolver. Additionally, issued and undrawn letters of credit bear interest at an applicable margin (i) before the collateral release date, ranging from 1.25% to 2.25% dependent on the Partnership's ratio of consolidated funded indebtedness to consolidated Adjusted EBITDA and (ii) upon and after the collateral release date, ranging from 1.125% to 1.75% dependent on the Partnership's non-credit-enhanced senior unsecured long-term debt ratings. The TRP Revolver's covenants remained substantially the same.

#### Organization Structure

On February 17, 2016, TRC completed its acquisition of all of the outstanding common units of Targa Resources Partners LP (NYSE: NGLS), pursuant to the Agreement and Plan of Merger (the “TRC/TRP Merger Agreement,” and such transaction, the “TRC/TRP Merger”). We issued 104,525,775 shares of common stock in exchange for all of the outstanding common units of the Partnership that we previously did not own. As a result of the completion of the TRC/TRP Merger, the TRP common units are no longer publicly traded. The Partnership’s 9.00% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units (the “Preferred Units”) that were issued in October 2015 remain outstanding as preferred limited partner interests in TRP and continue to trade on the New York Stock Exchange (“NYSE”) under the symbol “NGLS PRA.” TRC also maintains a 2% general partner interest in the Partnership.

On October 19, 2016, TRP executed the Third Amended and Restated Agreement of Limited Partnership (the “Third A&R Partnership Agreement”), effective as of December 1, 2016. In connection with the Third A&R Partnership Agreement, TRP issued to Targa Resources GP LLC (the “General Partner”): (i) 20,380,286 common units and 424,590 General Partner units in exchange for the cancellation of the incentive distribution rights (“IDRs”) and (ii) 11,267,485 common units and 234,739 General Partner units in exchange for cancellation of the Special GP Interest. The Partnership Agreement with us governs our relationship regarding certain reimbursement and indemnification matters. See “Item 13. Certain Relationships and Related Transactions and Director Independence.”

The diagram below shows our corporate structure as of February 21, 2019, which reflects the effect of the TRC/TRP Merger:

(1) Common shares outstanding as of February 21, 2019.

#### Growth Drivers

We believe that our near-term growth will be driven by organic projects being placed into service, as well as the level of producer activity in the basins where our gathering and processing infrastructure is located and the level of demand for services provided by our Downstream Business. We believe our assets are not easily duplicated and are located in many attractive and active areas of exploration and production activity and are near key markets and logistics centers. Over the longer term, we expect our growth will continue to be driven by the strong position of our quality assets which will benefit from production from shale plays and by the deployment of shale exploration and production technologies in both liquids-rich natural gas and crude oil resource plays that will also provide additional opportunities for our Downstream Business. We expect that organic growth and third-party acquisitions will continue to be a focus of our growth strategy.

#### Attractive Asset Positions

We believe that our positioning in some of the most attractive basins will allow us to capture increased natural gas supplies for gathering and processing, increased NGLs for transportation and fractionation and increased crude oil supplies for gathering and terminaling. Producers continue to focus drilling activity on their most attractive acreage, especially in the Permian Basin where we have a large and well positioned footprint, and are benefiting from increasing activity as rigs have been added in the basin in and around our systems.

The development of shale and unconventional resource plays has resulted in increasing NGL supplies that continue to generate demand for our fractionation services at the Mont Belvieu market hub and for LPG export services at our Galena Park Marine Terminal on the Houston Ship Channel. Since 2010, in response to increasing demand we added 278 MBbl/d of additional fractionation capacity with the additions of Cedar Bayou Fractionator (“CBF”) Trains 3, 4 and 5, and have additional capacity of 320 MBbl/d under construction. Trains 6, 7 and 8 are expected to begin operations in the second quarter of 2019, first quarter of 2020 and second quarter of 2020, respectively. We believe that the higher volumes of fractionated NGLs will also result in increased demand for other related fee-based services provided by our Downstream Business. Continued demand for fractionation capacity is expected to lead to other future growth opportunities.

As domestic producers have focused their drilling in crude oil and liquids-rich areas, new gas processing facilities are being built to accommodate liquids-rich gas, which results in an increasing supply of NGLs. As drilling in these areas continues, the supply of NGLs requiring transportation and fractionation to market hubs is expected to continue. As the supply of NGLs increases, our integrated Mont Belvieu and Galena Park Marine Terminal assets allow us to provide the raw product, fractionation, storage, interconnected terminaling, refrigeration and ship loading capabilities to support exports by third-party customers. Grand Prix will transport volumes from the Permian Basin and our North Texas and southern Oklahoma systems to our fractionation and storage complex in the NGL market hub at Mont Belvieu, Texas, further enhancing the integration of our gathering and processing assets with our Downstream Business. Grand Prix positions us to offer an integrated midstream service across the NGL value chain to our customers by linking supply to key markets. Grand Prix is expected to be fully in service in the third quarter of 2019.

Drilling and production activity from liquids-rich natural gas shale plays and similar crude oil resource plays

We are actively pursuing natural gas gathering and processing and NGL fractionation opportunities associated with liquids-rich natural gas from shale and other resource plays and are also actively pursuing crude gathering and natural gas gathering and processing and NGL fractionation opportunities from active crude oil resource plays. We believe that our leadership position in the Downstream Business, which includes our fractionation and export services and will be complemented by Grand Prix, provides us with a competitive advantage relative to other midstream companies without these capabilities.

Organic growth and third-party acquisitions

We have a demonstrated track record of completing organic growth and third-party acquisitions. Since our initial public offering in 2010, we have executed on approximately \$8.3 billion of growth capital projects and approximately \$7.2 billion in third-party acquisitions. We expect to continue to grow both organically and through third-party acquisitions.

Competitive Strengths and Strategies

We believe that we are well positioned to execute our business strategies due to the following competitive strengths:

Strategically located gathering and processing asset base

Our gathering and processing businesses are strategically located in attractive oil and gas producing basins and are well positioned within each of those basins. Activity in the shale resource plays underlying our gathering assets is driven by the economics of oil, condensate, gas and NGL production from the particular reservoirs in each play. Activity levels for most of our gathering and processing assets are driven primarily by commodity prices. If drilling and production activities in these areas continue, the volumes of natural gas and crude oil available to our gathering and processing systems will likely increase.

Leading fractionation, LPG export and NGL infrastructure position

We are one of the largest fractionators of NGLs in the Gulf Coast. Our fractionation assets are primarily located in Mont Belvieu, Texas, and to a lesser extent Lake Charles, Louisiana, which are key market centers for NGLs. Our logistics operations at Mont Belvieu, the major U.S. hub of NGL infrastructure, include connections to a number of mixed NGL (“mixed NGLs” or “Y-grade”) supply pipelines, storage, interconnection and takeaway pipelines and other transportation infrastructure. Our logistics assets, including fractionation facilities, storage wells, low ethane propane de-ethanizer, and our Galena Park Marine Terminal and related pipeline systems and interconnects, are also located near and connected to key consumers of NGL products including the petrochemical and industrial markets. Once in

service, Grand Prix will connect the very active Permian Basin to Mont Belvieu. The location and interconnectivity of these assets are not easily replicated, and we have additional capability to expand their capacity. We have extensive experience in operating these assets and developing, permitting and constructing new midstream assets.

#### Comprehensive package of midstream services

We provide a comprehensive package of services to natural gas and crude oil producers. These services are essential to gather crude; gather, process and treat wellhead gas to meet pipeline standards; and extract, transport and fractionate NGLs for sale into petrochemical, industrial, commercial and export markets. We believe that our ability to offer these integrated services provides us with an advantage in competing for new supplies because we can provide substantially all of the services that producers, marketers and others require for moving natural gas, NGLs and crude oil from wellhead to market on a cost-effective basis. Both Grand Prix and GCX further enhance our position to offer an integrated midstream service across the natural gas and NGL value chain by linking supply to key markets. Additionally, we believe the barriers to enter the midstream sector on a scale similar to ours are reasonably high due to the high cost of replicating or acquiring assets in key strategic positions and the difficulty of developing the expertise necessary to operate them.



### High quality and efficient assets

Our gathering and processing systems and logistics assets consist of high-quality, well-maintained facilities, resulting in low-cost, efficient operations. Advanced technologies have been implemented for processing plants (primarily cryogenic units utilizing centralized control systems), measurement systems (essentially all electronic and electronically linked to a central data-base) and operations and maintenance management systems to manage work orders and implement preventative maintenance schedules (computerized maintenance management systems). These applications have allowed proactive management of our operations resulting in lower costs and minimal downtime. We have established a reputation in the midstream industry as a reliable and cost-effective supplier of services to our customers and have a track record of safe, efficient, and reliable operation of our facilities. We will continue to pursue new contracts, cost efficiencies and operating improvements of our assets. Such improvements in the past have included new production and acreage commitments, reducing fuel gas and flare volumes and improving facility capacity and NGL recoveries. We will also continue to optimize existing plant assets to improve and maximize capacity and throughput.

In addition to routine annual maintenance expenses, our maintenance capital expenditures have averaged approximately \$107 million per year over the last three years. We believe that our assets are well-maintained and anticipate that a similar level of maintenance capital expenditures will be sufficient for us to continue to operate our existing assets in a prudent, safe and cost-effective manner.

### Large, diverse business mix with favorable contracts and increasing fee-based business

We maintain gas gathering and processing positions in strategic oil and gas producing areas across multiple basins and provide these and other services under attractive contract terms to a diverse mix of producers across our areas of operation. Consequently, we are not dependent on any one oil and gas basin or counterparty. Our Logistics and Marketing assets are typically located near key market hubs and near most of our NGL customers. They also serve must-run portions of the natural gas value chain, are primarily fee-based and have a diverse mix of customers.

Our contract portfolio has attractive rate and term characteristics including a significant fee-based component, especially in our Downstream Business. Our expected continued growth of the fee-based Downstream Business may result in increasing fee-based cash flow. The Permian Acquisition resulted in increased fee-based cash flow as the entities acquired have primarily fee-based gathering and processing contracts.

### Financial flexibility

We have historically maintained sufficient liquidity and have funded our growth investments with a mix of equity and debt over time in order to manage our leverage ratio. Disciplined management of liquidity, leverage and commodity price volatility allow us to be flexible in our long-term growth strategy and enable us to pursue strategic acquisitions and large growth projects.

### Experienced and long-term focused management team

Our current executive management team possesses breadth and depth of experience working in the midstream energy business. Most of our executive management team has been with us since the company was formed in 2005, joined shortly thereafter or managed many of our businesses prior to acquisition by Targa. Other officers and key operational, commercial and financial employees have significant experience in the industry and with our assets and businesses.

### Attractive cash flow characteristics

We believe that our strategy, combined with our high-quality asset portfolio, allows us to generate attractive cash flows. Geographic, business and customer diversity enhances our cash flow profile. Our Gathering and Processing segment has a contract mix that is primarily percent-of-proceeds (whereby we receive an agreed upon percentage of the actual proceeds of specified commodities). However, our Gathering and Processing segment contract mix also has increasing components of fee-based margin driven by: (i) fees added to percent-of-proceeds contracts for natural gas treating and compression, (ii) new/amended contracts with a combination of percent-of-proceeds and fee-based components, and (iii) essentially fully fee-based crude oil gathering and gas gathering and processing in certain areas where fee-based contracts are prevalent such as the Williston Basin, South Oklahoma, South Texas and parts of the Permian Basin. Contracts in our Coastal Gathering and Processing segment are primarily hybrid contracts (percent-of-liquids with a fee floor) or percent-of-liquids contracts (whereby we receive an agreed upon percentage of the actual proceeds of the NGLs). Contracts in the Downstream Business are predominately fee-based (based on volumes and contracted rates), with a large take-or-pay component. Our contract mix, along with our commodity hedging program, serves to mitigate the impact of commodity price movements on cash flow.

We have hedged the commodity price risk associated with a portion of our expected natural gas, NGL and condensate equity volumes, future commodity purchases and sales, and transportation basis risk by entering into financially settled derivative transactions. These transactions include swaps, futures, purchased puts (or floors) and costless collars. The primary purpose of our commodity risk management activities is to hedge our exposure to price risk and to mitigate the impact of fluctuations in commodity prices on cash flow. We have intentionally tailored our hedges to approximate specific NGL products and to approximate our actual NGL and residue natural gas delivery points. Although the degree of hedging will vary, we intend to continue to manage some of our exposure to commodity prices by entering into similar hedge transactions. We also monitor and manage our inventory levels with a view to mitigate losses related to downward price exposure.

#### Asset base well-positioned for organic growth

We believe that our asset platform and strategic locations allow us to maintain and potentially grow our volumes and related cash flows as our supply areas benefit from continued exploration and development over time. Technology advances have resulted in increased domestic oil and liquids-rich gas drilling and production activity. The location of our assets provides us with access to natural gas and crude oil supplies and proximity to end-user markets and liquid market hubs while positioning us to capitalize on drilling and production activity in those areas. We believe that as global supply and demand for natural gas, crude oil and NGLs, and services for each grows over the long term, our infrastructure will increase in value as such infrastructure takes on increasing importance in meeting that growing supply and demand.

While we have set forth our strategies and competitive strengths above, our business involves numerous risks and uncertainties which may prevent us from executing our strategies. These risks include the adverse impact of changes in natural gas, NGL and condensate/crude oil prices, the supply of or demand for these commodities, and our inability to access sufficient additional production to replace natural declines in production. For a more complete description of the risks associated with an investment in us, see “Item 1A. Risk Factors.”

#### Our Business Operations

Our operations are reported in two segments: (i) Gathering and Processing, and (ii) Logistics and Marketing (also referred to as the Downstream Business).

#### Gathering and Processing Segment

Our Gathering and Processing segment consists of gathering, compressing, dehydrating, treating, conditioning, processing, and marketing natural gas and gathering crude oil. The gathering of natural gas consists of aggregating natural gas produced from various wells through varying diameter gathering lines to processing plants. Natural gas has a widely varying composition depending on the field, the formation and the reservoir from which it is produced. The processing of natural gas consists of the extraction of imbedded NGLs and the removal of water vapor and other contaminants to form (i) a stream of marketable natural gas, commonly referred to as residue gas, and (ii) a stream of mixed NGLs. Once processed, the residue gas is transported to markets through pipelines that are owned by third

parties. End-users of residue gas include large commercial and industrial customers, as well as natural gas and electric utilities serving individual consumers. We sell our residue gas either directly to such end-users or to marketers into intrastate or interstate pipelines, which are typically located in close proximity or with ready access to our facilities. The gathering of crude oil consists of aggregating crude oil production primarily through gathering pipeline systems, which deliver crude oil to a combination of other pipelines, rail and truck.

We continually seek new supplies of natural gas and crude oil, both to offset the natural decline in production from connected wells and to increase throughput volumes. We obtain additional natural gas and crude oil supply in our operating areas by contracting for production from new wells or by capturing existing production currently gathered by others. Competition for new natural gas and crude oil supplies is based primarily on location of assets, commercial terms including pre-existing contracts, service levels and access to markets. The commercial terms of natural gas gathering and processing arrangements and crude oil gathering are driven, in part, by capital costs, which are impacted by the proximity of systems to the supply source and by operating costs, which are impacted by operational efficiencies, facility design and economies of scale.

The Gathering and Processing segment's assets are located in the Permian Basin of West Texas and Southeast New Mexico (including the Midland, Central and Delaware Basins); the Eagle Ford Shale in South Texas; the Barnett Shale in North Texas; the Anadarko, Ardmore, and Arkoma Basins in Oklahoma (including the SCOOP and STACK) and South Central Kansas; the Williston Basin in North Dakota; and the onshore and near offshore regions of the Louisiana Gulf Coast and the Gulf of Mexico.

The natural gas processed in this segment is supplied through our gathering systems which, in aggregate, consist of approximately 28,500 miles of natural gas pipelines and include 42 owned and operated processing plants. During 2018, we processed an average of 3,937.4 MMcf/d of natural gas and produced an average of 415.7 MBbl/d of NGLs. In addition to our natural gas gathering and processing, our Badlands operations include a crude oil gathering system and four terminals with crude oil operational storage capacity of 125 MBbl, and our Permian operations include a crude oil gathering system and two terminals with crude oil operational storage capacity of 20 MBbl. During 2018, we gathered an average of 211.7 MBbl/d of crude oil.

The Gathering and Processing segment's operations consist of Permian Midland, Permian Delaware, SouthTX, North Texas, SouthOK, WestOK, Coastal and Badlands each as described below:

#### Permian Midland

The Permian Midland system consists of two primary systems, WestTX and SAOU.

The WestTX gathering system has approximately 4,700 miles of natural gas gathering pipelines located across nine counties within the Permian Basin in West Texas. We have an approximate 72.8% ownership in the WestTX system. Pioneer, the largest active driller in the Spraberry and Wolfberry Trends and a major producer in the Permian Basin, owns the remaining interest in the WestTX system.

The WestTX system includes eight separate plants: the Consolidator, Driver, Midkiff, Benedum, Edward, Buffalo, Joyce and Johnson processing facilities. The WestTX processing operations currently have an aggregate processing nameplate capacity of 1,275 MMcf/d. In addition, two previously announced 250 MMcf/d plants are expected to begin operations in the second quarter of 2019.

SAOU includes approximately 1,800 miles of pipelines in the Permian Basin that gather natural gas for delivery to the Mertzon, Sterling, Tarzan and High Plains processing plants. SAOU's processing facilities are refrigerated cryogenic processing plants with an aggregate processing capacity of approximately 354 MMcf/d. SAOU has gathering lines that extend across nine counties.

#### Permian Delaware

The Permian Delaware system consists of two primary systems, Sand Hills and Versado.

Sand Hills includes approximately 2,200 miles of natural gas gathering pipelines within the Delaware Basin for delivery typically into the Sand Hills, Loving, Oahu and Wildcat processing plants. The processing facilities are refrigerated cryogenic processing plants with an aggregate capacity of 545 MMcf/d. Two additional plants in the Delaware Basin are currently being developed: 1) the 250 MMcf/d Falcon Plant, which is expected to be completed in the fourth quarter of 2019, and 2) the 250 MMcf/d Peregrine Plant, which is expected to be completed in the second quarter of 2020.

Versado consists of the Saunders, Eunice and Monument gas processing plants and related gathering systems in Southeastern New Mexico and in West Texas. Versado includes approximately 3,500 miles of natural gas gathering

pipelines. The Saunders, Eunice and Monument refrigerated cryogenic processing plants have aggregate processing capacity of 255 MMcf/d. Gathered volumes from the Versado area may also be processed at the Wildcat or Oahu processing facilities.

The Permian Midland and Permian Delaware systems are interconnected and volumes may flow from one system to the other.

#### SouthTX

The South Texas system contains approximately 900 miles of high-pressure and low-pressure gathering and transmission pipelines and three natural gas processing plants in the Eagle Ford Shale. The South Texas system processes natural gas through the Silver Oak I, Silver Oak II and Raptor gas processing plants. The Silver Oak I and II Plants (the “Silver Oak Plants”) are each 200 MMcf/d cryogenic plants and located in Bee County, Texas. The Raptor Plant is a 260 MMcf/d cryogenic plant located in LaSalle County, Texas.

We participate in three joint ventures in South Texas. Our ownership interests in two of the joint ventures consist of our 75% share in T2 LaSalle Gathering Company LLC (“T2 LaSalle”) and our 50% share in T2 Eagle Ford Gathering Company LLC (“T2 Eagle Ford”). A subsidiary of Southcross Holdings, L.P. (“Southcross”) owns the remaining interests. T2 LaSalle owns approximately 60 miles of high-pressure gathering pipeline and T2 Eagle Ford owns approximately 120 miles of high-pressure gathering pipelines. Together, these two pipelines gather and transport gas to the Silver Oak Plants. The T2 Eagle Ford joint venture also owns the residue gas delivery pipelines downstream of the Silver Oak Plants. Effective December 31, 2018, we were named as operator for each of T2 LaSalle and T2 Eagle Ford.

Our third joint venture in South Texas is with Sanchez Midstream. We own a 50% interest in the Carnero Joint Venture and Sanchez Midstream owns the remaining 50% interest. Carnero owns the Silver Oak II Plant, the Raptor Plant and approximately 45 miles of high-pressure transmission pipeline located in La Salle, Dimmitt and Webb Counties, Texas which connects Sanchez Energy's Catarina Ranch gathering system and Comanche Ranch acreage to the Raptor Plant. We operate the Carnero gas gathering and processing facilities.

#### North Texas

North Texas includes two interconnected gathering systems in the Fort Worth Basin, Chico and Shackelford, and includes gas from the Barnett Shale and Marble Falls plays. The systems consist of approximately 4,700 miles of pipelines gathering wellhead natural gas.

The Chico gathering system gathers natural gas for the Chico and Longhorn plants. The Chico Plant has an aggregate processing capacity of 265 MMcf/d and an integrated fractionation capacity of 15 MBbl/d. The Longhorn Plant has processing capacity of 200 MMcf/d. The Shackelford gathering system gathers wellhead natural gas largely for the Shackelford Plant. Natural gas gathered from the northern and eastern portions of the Shackelford gathering system is typically transported to the Chico Plant for processing. The Shackelford Plant has processing capacity of 13 MMcf/d.

#### SouthOK

The SouthOK gathering system is located in the Ardmore and Anadarko Basins and includes the Golden Trend, SCOOP, and Woodford Shale areas of southern Oklahoma. The gathering system has approximately 2,200 miles of pipelines.

The SouthOK system includes six separate operational processing plants with a total nameplate capacity of 710 MMcf/d, including: the Coalgate, Stonewall, Hickory Hills and Tupelo facilities, which are owned by our Centrahoma Joint Venture, and our wholly-owned Velma and Velma V-60 plants. We have a 60% ownership interest in Centrahoma. The remaining 40% ownership interest in Centrahoma is held by MPLX.

#### WestOK

The WestOK gathering system is located in north central Oklahoma and southern Kansas' Anadarko Basin and includes the Woodford shale and the STACK. The gathering system expands into 13 counties with approximately 6,600 miles of natural gas gathering pipelines.

The WestOK system has a total nameplate capacity of 458 MMcf/d with three separate cryogenic natural gas processing plants located at the Waynoka I and II and Chester facilities, and one refrigeration plant at the Chaney Dell facility.

## Coastal

Our Coastal assets, located in and offshore South Louisiana, gather and process natural gas produced from shallow-water central and western Gulf of Mexico natural gas wells and from deep shelf and deep-water Gulf of Mexico production via connections to third-party pipelines or through pipelines owned by us. Coastal consists of approximately 3,295 MMcf/d of natural gas processing capacity, 11 MBbl/d of integrated fractionation capacity, 980 miles of onshore gathering system pipelines, and 170 miles of offshore gathering system pipelines. The processing plants are comprised of five wholly-owned and operated plants (including one idled), one partially owned and operated plant, and two partially owned plants which are not operated by us. Toca, a partially owned, non-operated plant, was shut down in January 2019 and has been excluded from the preceding statistics. Our Coastal plants have access to markets across the U.S. through the interstate natural gas pipelines to which they are interconnected. The industry continues to rationalize gas processing capacity along the western Louisiana Gulf Coast with most of the producer volumes going to more efficient plants such as our Barracuda and Gillis plants.

## Badlands

The Badlands operations are located in the Bakken and Three Forks Shale plays of the Williston Basin in North Dakota and include approximately 480 miles of crude oil gathering pipelines, 40 MBbl of operational crude oil storage capacity at the Johnsons Corner Terminal, 30 MBbl of operational crude oil storage capacity at the Alexander Terminal, 30 MBbl of operational crude oil storage at New Town and 25 MBbl of operational crude oil storage at Stanley. The Badlands assets also include approximately 260 miles of natural gas gathering pipelines and the Little Missouri natural gas processing plant with a current gross processing capacity of approximately 90 MMcf/d. Additionally, the 200 MMcf/d LM4 Plant, in which we own a 50% interest and will operate, is anticipated to be completed in the second quarter of 2019. Hess Midstream Partners LP owns the remaining interest in the LM4 Plant.

In February 2019, we entered into definitive agreements to sell a 45% interest in Badlands to funds managed by GSO Capital Partners and Blackstone Tactical Opportunities. Targa will continue to be the operator of Badlands and will hold majority governance rights.



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The following table lists the Gathering and Processing segment's processing plants and related volumes for the year ended December 31, 2018:

Facility	Process Type (1)	Operated/Non-Operated	% Owned	Location	Gross Processing Capacity (MMcf/d) (2)	Gross Plant Natural Gas Inlet Throughput Volume (MMcf/d) (3) (4) (5)	Gross NGL Production (MBbl/d) (3) (4) (5)
<b>Permian Midland</b>							
Consolidator (6)	Cryo	Operated	72.8	Reagan County, TX	150.0		
Midkiff (6)	Cryo	Operated	72.8	Reagan County, TX	80.0		
Driver (6)	Cryo	Operated	72.8	Midland County, TX	200.0		
Benedum (6)	Cryo	Operated	72.8	Upton County, TX	45.0		
Edward (6)	Cryo	Operated	72.8	Upton County, TX	200.0		
Buffalo (6)	Cryo	Operated	72.8	Martin County, TX	200.0		
Joyce (6)	Cryo	Operated	72.8	Upton County, TX	200.0		
Johnson (6)	Cryo	Operated	72.8	Midland County, TX	200.0		
Mertzon	Cryo	Operated	100.0	Irion County, TX	52.0		
Sterling	Cryo	Operated	100.0	Sterling County, TX	92.0		
Tarzan	Cryo	Operated	100.0	Martin County, TX	10.0		
High Plains	Cryo	Operated	100.0	Midland County, TX	200.0		
				Area Total	1,629.0	1,141.2	153.4
<b>Permian Delaware</b>							
Sand Hills	Cryo	Operated	100.0	Crane County, TX	165.0		
Loving	Cryo	Operated	100.0	Loving County, TX	70.0		
Wildcat	Cryo	Operated	100.0	Winkler County, TX	250.0		
Oahu	Cryo	Operated	100.0	Pecos County, TX	60.0		
Saunders (7)	Cryo	Operated	100.0	Lea County, NM	60.0		
Eunice (7)	Cryo	Operated	100.0	Lea County, NM	110.0		
Monument (7) (16)	Cryo	Operated	100.0	Lea County, NM	85.0		
				Area Total	800.0	443.9	53.5
<b>SouthTX</b>							
Silver Oak I	Cryo	Operated	100.0	Bee County, TX	200.0		
Silver Oak II	Cryo	Operated	50.0	Bee County, TX	200.0		
Raptor	Cryo	Operated	50.0	La Salle County, TX	260.0		
				Area Total	660.0	389.6	51.1
<b>North Texas</b>							
Chico (8)	Cryo	Operated	100.0	Wise County, TX	265.0		
Shackelford	Cryo	Operated	100.0	Shackelford County, TX	13.0		
Longhorn	Cryo	Operated	100.0	Wise County, TX	200.0		
				Area Total	478.0	244.1	28.1
<b>SouthOK (9)</b>							
Coalgate	Cryo	Operated	60.0	Coal County, OK	80.0		
Stonewall	Cryo	Operated	60.0	Coal County, OK	200.0		
Tupelo	Cryo	Operated	60.0	Coal County, OK	120.0		

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Hickory Hills	Cryo	Operated	60.0	Hughes County, OK	150.0		
Velma	Cryo	Operated	100.0	Stephens County, OK	100.0		
Velma V-60	Cryo	Operated	100.0	Stephens County, OK	60.0		
				Area Total	710.0	555.7	54.7
WestOK (9)							
Waynoka I	Cryo	Operated	100.0	Woods County, OK	200.0		
Waynoka II	Cryo	Operated	100.0	Woods County, OK	200.0		
Chaney Dell (10)	RA	Operated	100.0	Major County, OK	30.0		
Chester (10)	Cryo	Operated	100.0	Woodward County, OK	28.0		
				Area Total	458.0	351.6	20.5
Coastal (11)							
Gillis (12)	Cryo	Operated	100.0	Calcasieu Parish, LA	180.0		
Acadia (10)	Cryo	Operated	100.0	Acadia Parish, LA	80.0		
Big Lake (13)	Cryo	Operated	100.0	Calcasieu Parish, LA	180.0		
VESCO	Cryo	Operated	76.8	Plaquemines Parish, LA	750.0		
Barracuda	Cryo	Operated	100.0	Cameron Parish, LA	190.0		
Lowry (13)	Cryo	Operated	100.0	Cameron Parish, LA	265.0		
Terrebone	RA	Non-operated	7.9	Terrebonne Parish, LA	950.0		
Toca (14)	Cryo/RA	Non-operated	12.6	St. Bernard Parish, LA	1,150.0		