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Targa Resources Announces Additional Delaware Basin Processing Expansions, an Extension of its Grand Prix NGL Pipeline into Oklahoma and Potential Asset Sales; Also Posts Updated Investor Presentation

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

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

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

Delaware Basin Processing Expansions

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

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

Grand Prix NGL Pipeline Extension into Oklahoma

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

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

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

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

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

Potential Asset Sales

Targa continues to evaluate and execute financing opportunities to fund its remaining equity capital needs for its announced projects in 2018, which may include a combination of additional asset joint venture arrangements, various types of public and private capital, and asset sales. The Company has engaged Evercore Group L.L.C. to evaluate alternatives, including the potential divestiture of its Downstream Petroleum Logistics business, which includes terminals in Baltimore, MD; Tacoma, WA; and its Crude and Condensate Splitter and terminal in Channelview, TX. Targa is also evaluating a potential sale of its marine barge business. These potential divestitures are predicated on third party valuations adequately capturing Targa's forward growth expectations for the assets. Sales proceeds could offset a significant portion of the increase in net growth capital expenditures related to the new projects announced today.

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

Forward Looking Statements

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

About Targa Resources Corp.

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

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

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

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