Targa Resources Corp.
Form 10-K
February 16, 2018

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, 2017

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	20-3701075
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
811 Louisiana St, Suite 2100, Houston, Texas	77002
(Address of principal executive offices)	(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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post 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	(Do not check if a smaller reporting company)	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 $9,571.8 million on June 30, 2017, based on $45.20 per share, the closing price of the common stock as reported on the New York Stock Exchange (NYSE) on such date.

As of February 12, 2018, there were 218,830,282 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 tim 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," "estin "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 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.

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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
GPM	Liquid volume equivalent expressed as gallons per 1000 cu. ft. of natural gas
LACT	Lease Automatic Custody Transfer
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

Price Index Definitions

C2-OPIS-MB	Ethane, Oil Price Information Service, Mont Belvieu, Texas
C3-OPIS-MB	Propane, Oil Price Information Service, Mont Belvieu, Texas
C5-OPIS-MB	Natural Gasoline, Oil Price Information Service, Mont Belvieu, Texas
IC4-OPIS-MB	Iso-Butane, Oil Price Information Service, Mont Belvieu, Texas
IF-PB	Inside FERC Gas Market Report, Permian Basin
IF-PEPL	Inside FERC Gas Market Report, Oklahoma Panhandle, Texas-Oklahoma Midpoint
IF-Waha	Inside FERC Gas Market Report, West Texas WAHA
NC4-OPIS-MB	Normal Butane, Oil Price Information Service, Mont Belvieu, Texas
NG-NYMEX	NYMEX, Natural Gas
WTI-NYMEX	NYMEX, West Texas Intermediate Crude Oil

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.

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” or “Buy-in Transaction”). 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 12, 2018, which reflects the effect of the TRC/TRP Merger:

(1) Common shares outstanding as of February 12, 2018.

Our Operations

We are 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; 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; the Eagle Ford Shale in South Texas; the Barnett Shale in North Texas; the Anadarko, Ardmore, and Arkoma Basins in Oklahoma (including exposure to the SCOOP and STACK plays) and South Central Kansas; the Williston Basin in North Dakota and in 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 includes Grand Prix, as well as our equity interest in GCX, which are both currently under construction. 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.

Organic Growth Projects and Acquisitions

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 major organic growth investments in our businesses and third-party acquisitions. 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") and our 2015 acquisition of Atlas Pipeline Partners L.P. ("APL," renamed by us as Targa Pipeline Partners LP or "TPL"). In these transactions, we acquired (1) natural gas gathering, processing and treating assets in West Texas, South Texas, North Texas, Oklahoma and North Dakota, and (2) crude oil gathering and terminal assets in North Dakota. In 2017, we acquired additional gas gathering and processing and crude gathering systems located in the Permian Basin (the "Permian Acquisition"). See further discussion of the Permian Acquisition in the "Recent Developments" section below.

We also continue to invest significant capital to expand through organic growth projects. We have invested approximately $5.3 billion in growth capital expenditures since 2007, including approximately $1.4 billion in 2017. These expansion investments were distributed across our businesses, with 42% related to Logistics and Marketing and 58% to Gathering and Processing. We expect to continue to invest in both large and small organic growth projects in 2018. We currently estimate that we will invest at least $1.6 billion in organic growth capital expenditures for announced projects in 2018.

The map below highlights our more significant assets:

Recent Developments

Gathering and Processing Segment Expansion

Permian Acquisition

On March 1, 2017, we completed the purchase of 100% of the membership interests of Outrigger Delaware Operating, LLC, Outrigger Southern Delaware Operating, LLC (together “New Delaware”) and Outrigger Midland Operating, LLC (“New Midland” and together with New Delaware, the “Permian Acquisition”).

We paid $484.1 million in cash at closing on March 1, 2017, and paid an additional $90.0 million in cash on May 30, 2017 (collectively, the "initial purchase price"). Subject to certain performance-based measures and other conditions, additional cash of up to $935.0 million may be payable to the sellers of New Delaware and New Midland in potential earn-out payments that would occur in April 2018 and April 2019. The potential earn-out payments will be based upon a multiple of realized gross margin from contracts that existed on March 1, 2017.

New Delaware's gas gathering and processing and crude gathering assets are located in Loving, Winkler, Pecos and Ward counties. The operations are backed by producer dedications of more than 145,000 acres under long-term, largely fee-based contracts, with an average weighted contract life of 14 years. The New Delaware assets include 70 MMcf/d of processing capacity. In addition, the Oahu Plant, a 60 MMcf/d plant in the Delaware Basin, which is expected to be completed in the first quarter of 2018, will be added to New Delaware’s footprint. Currently, there is 40 MBbl/d of crude gathering capacity on the New Delaware system.

New Midland's gas gathering and processing and crude gathering assets are located in Howard, Martin and Borden counties. The operations are backed by producer dedications of more than 105,000 acres under long-term, largely fee-based contracts, with an average weighted contract life of 13 years. The New Midland assets include 10 MMcf/d of processing capacity. Currently, there is 40 MBbl/d of crude gathering capacity on the New Midland system.

New Delaware's gas gathering and processing assets were connected to our Sand Hills system in the first quarter of 2017, and New Midland's gas gathering and processing assets were connected to our existing WestTX system in the fourth quarter of 2017. We believe connecting the acquired assets to our legacy Permian footprint creates operational and capital synergies, and is expected to afford enhanced flexibility in serving producers.

Additional Permian System Processing Capacity

In November 2016, we announced plans to build the 200 MMcf/d Joyce Plant in the Midland Basin, which is expected to be completed in the first quarter of 2018. We expect total net growth capital expenditures for the Joyce Plant to be approximately $80 million.

In the first quarter of 2017, we restarted the idled 45 MMcf/d Benedum cryogenic processing plant. We also added 20 MMcf/d of capacity at our Midkiff Plant in the second quarter of 2017 and increased overall plant capacity of the Midkiff/Consolidator Plant complex in Reagan County, Texas from 210 MMcf/d to 230 MMcf/d.

In May 2017, we announced plans to build a new plant and further expand the gathering footprint of our Permian Midland system. This project includes a new 200 MMcf/d cryogenic processing plant, known as the Johnson Plant, which is expected to begin operations in the third quarter of 2018. We expect total net growth capital expenditures for the Johnson Plant to be approximately $100 million.

Also in May 2017, we announced plans to build a new plant and further expand the gathering footprint of our Permian Delaware system. This project includes a new 250 MMcf/d cryogenic processing plant, known as the Wildcat Plant, which is expected to begin operations in the second quarter of 2018. We expect total net growth capital expenditures for the Wildcat Plant to be approximately $130 million.

On February 6, 2018, we announced plans to construct two new 250 MMcf/d cryogenic natural gas processing plants in the Midland Basin to support increasing production. The two plants are expected to begin operations in the first and third quarters of 2019, respectively.

Eagle Ford Shale Natural Gas Gathering and Processing Joint Ventures

The Raptor Plant, a gas processing facility with an initial capacity of 200 MMcf/d, and 45 miles of associated gathering pipelines, both part of a 50/50 joint venture with Sanchez Midstream Partners, L.P. (“SNMP”), which is associated with Sanchez Energy Corporation (“Sanchez”), began operations in the second quarter of 2017. In February 2017, we announced that we were going to add compression to increase the processing capacity of the Raptor Plant to 260 MMcf/d, which was completed in the fourth quarter of 2017. The Raptor Plant accommodates growing production from Sanchez’s premier Eagle Ford Shale acreage position in Dimmit, La Salle and Webb Counties, Texas and from other third party producers. The plant and high pressure gathering pipelines are supported by long-term, firm, fee-based contracts and acreage dedications with Sanchez. We manage operations of the high pressure gathering lines as well as the plant. Prior to the Raptor Plant being placed in service, we benefited from Sanchez natural gas volumes that were processed at our Silver Oak facilities in Bee County, Texas.

Eagle Ford Shale Acquisition of Flag City Natural Gas Processing Plant

In May 2017, we acquired a 150 MMcf/d natural gas processing plant (the “Flag City Plant”) and associated assets from subsidiaries of Boardwalk Pipeline Partners, L.P. (“Boardwalk”) for $60.0 million, subject to customary closing adjustments. The gas processing activities under commercial contracts related to the Flag City Plant have been redirected to our Silver Oak facilities. The Flag City Plant has been shut down and disassembled and will be installed as part of our SouthOK operations. See further details below in “SouthOK Expansion.”

SouthOK Expansion

In December 2017, ownership of the Flag City Plant assets located in Jackson County, Texas, was transferred to Centrahoma Processing, LLC (“Centrahoma”), a joint venture that we operate, and in which we have a 60% ownership interest; the remaining 40% ownership interest is held by MPLX, LP. In conjunction with Targa’s contribution of the plant assets, MPLX, LP made a cash contribution to Centrahoma in order to maintain its 40% ownership interest. The former Flag City Plant assets will be relocated to, and installed in, Hughes County, Oklahoma, in 2018 as a new 150 MMcf/d cryogenic natural gas processing plant (the “Hickory Hills Plant”). The Hickory Hills Plant will process natural gas production from the Arkoma Woodford Basin and is expected to begin operations in the second half of 2018. Targa will also contribute the 120 MMcf/d cryogenic Tupelo Plant in Coal County, Oklahoma to Centrahoma upon the in-service date of the Hickory Hills Plant.

Badlands

During 2017, we invested approximately $125 million to expand our crude gathering and natural gas processing business in the Williston Basin, North Dakota. The expansion included the addition of pipelines, LACT units, compression and other infrastructure to support continued growth in producer activity.

In January 2018, we announced the formation of a 50/50 joint venture with Hess Midstream Partners LP to construct a new 200 MMcf/d natural gas processing plant (“LM4 Plant”) at Targa’s existing Little Missouri facility. The LM4 Plant is expected to have a total cost of approximately $150 million and is anticipated to be completed in the fourth quarter of 2018. Targa will manage construction of, and operate, the LM4 Plant.

Sale of Venice Gathering System, L.L.C.

Through our 76.8% ownership interest in Venice Energy Services Company, L.L.C. (“VESCO”), we have operated the Venice Gas Plant and the Venice gathering system. On April 4, 2017, VESCO entered into a purchase and sale agreement with Rosefield Pipeline Company, LLC, an affiliate of Arena Energy, LP, to sell its 100% ownership interests in Venice Gathering System, L.L.C. (“VGS”), a Delaware limited liability company engaged in the business of transporting natural gas in interstate commerce, under authorization granted by and subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”), for approximately $0.4 million in cash. Additionally, the VGS asset retirement obligations were assumed by the buyer. VGS owns and operates a natural gas gathering system in the Gulf of Mexico. Historically, VGS has been reported in our Gathering and Processing segment. After the sale of VGS, we continue to operate the Venice Gas Plant through our ownership in VESCO.

Downstream Segment Expansion

Grand Prix NGL Pipeline

In May 2017, we announced plans to construct a new common carrier NGL pipeline. The NGL pipeline (“Grand Prix”) will transport volumes 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 commitments, and is expected to be in service in the second quarter of 2019. The capacity of the pipeline from the Permian Basin will be approximately 300 MBbl/d, expandable to 550 MBbl/d.

In September 2017, we sold a 25% interest in our consolidated subsidiary, Grand Prix Pipeline LLC (the "Grand Prix Joint Venture") to funds managed by Blackstone Energy Partners (“Blackstone”). We are the operator and construction manager of Grand Prix. Our share of total growth capital expenditures for Grand Prix is expected to be approximately $728 million.

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 has dedicated and committed significant NGLs associated with EagleClaw's natural gas volumes produced or processed in the Delaware Basin.

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 (“GCX”), which will provide an outlet for increased natural gas production from the Permian Basin to growing markets along the Texas Gulf Coast. Under the terms of the agreements, we and DCP will each own a 25% interest, and KMTP will own a 50% interest in GCX. Shipper Apache Corporation has an option to purchase up to a 15% equity stake from 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, a joint owner in our WestTX Permian Basin system, has committed volumes to the project. GCX is designed to transport up to 1.98 Bcf/d of natural gas and is expected to cost approximately $1.75 billion. GCX is expected to be in service in the fourth quarter of 2019.

Channelview Splitter

On December 27, 2015, we and Noble Americas Corp., an affiliate of Noble Group Ltd., entered into a long-term, fee-based agreement (“Splitter Agreement”) under which Targa Terminals will build and operate a 35,000 Bbl/d crude oil and condensate splitter at our Channelview Terminal on the Houston Ship Channel (“Channelview Splitter”). 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, kerosene, gas oil, jet fuel, and liquefied petroleum gas and will provide segregated storage for the crude, condensate and components. In January 2018, Vitol US Holding Co. acquired Noble Americas Corp.

The Channelview Splitter is expected to be completed in the second quarter of 2018, and has an estimated total cost of approximately $140 million. The first and second annual payments due under the Splitter Agreement were received in October 2016 and October 2017 and are reflected in deferred revenue as a component of other long-term liabilities on our Consolidated Balance Sheet.

Fractionation Expansion

On February 6, 2018, we announced plans to construct a new 100 MBbl/d fractionation train in Mont Belvieu, Texas, expected to begin operations in the first quarter of 2019. The total cost of the fractionation train and related infrastructure is expected to be approximately $350 million.

Development Joint Ventures

On February 6, 2018, we also announced the formation of three development joint ventures (the “DevCo JVs”) with investment vehicles affiliated with Stonepeak Infrastructure Partners (“Stonepeak”). Stonepeak will own an 80% interest in both the GCX DevCo JV, which will own our 25% interest in GCX, and the Fractionation DevCo JV, which will own a 100% interest in some of the assets associated with the fractionation train. Stonepeak will own a 95% interest in the Grand Prix DevCo JV, which will own a 20% interest in Grand Prix. We will 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 Fractionation 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 will be 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, Targa has the option to acquire all or part of Stonepeak's interests in the DevCo JVs. Targa may acquire up to 50% of Stonepeak's invested capital in multiple increments with a minimum of $100 million, and would be required to buy 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.

2017 Financing Activities

On January 26, 2017, we completed a public offering of 9,200,000 shares of common stock (including underwriters' overallotment option) at a price to the public of $57.65, providing net proceeds after underwriting discounts, commissions and other expenses of $524.2 million. We used the net proceeds from this public offering to fund the cash portion of the Permian Acquisition purchase price due upon closing and for general corporate purposes.

On February 23, 2017, we amended the Partnership's account receivable securitization facility (the "Securitization Facility") to increase the facility size to $350.0 million from $275.0 million. In December 2017, the Securitization Facility was amended to extend the maturity to December 7, 2018.

On March 14, 2017, we used borrowings under our senior secured revolving credit facility (the "TRC Revolver") to repay in full the $160.0 million outstanding balance on our senior secured term loan.

On May 9, 2017, we entered into an equity distribution agreement under the May 2016 Shelf (as defined below) (the "May 2017 EDA"), pursuant to which we may sell through our sales agents, at our option, up to an aggregated amount of $750.0 million of our common stock. For the year ended December 31, 2017, no shares of common stock have been issued under the May 2017 EDA.

On June 1, 2017, we issued 17,000,000 shares of our common stock at a price to the public of $46.10, providing net proceeds after underwriting discounts, commissions and other expenses of $777.3 million. We used the net proceeds from this public offering to fund a portion of the capital expenditures related to the construction of Grand Prix, repay outstanding borrowings under our credit facilities, redeem the Partnership's 6 % Senior Notes, and for general corporate purposes.

On June 26, 2017, the Partnership redeemed its 6 % Senior Notes due August 2022 (the "6 % Senior Notes"). The redemption price was 103.188% of the principal amount. The $278.7 million principal amount outstanding was redeemed on June 26, 2017 for a total redemption payment of $287.6 million, excluding accrued interest.

On October 17, 2017, the Partnership issued $750.0 million aggregate principal amount of 5% senior notes due January 2028 (the “5% Senior Notes due 2028”). The Partnership used the net proceeds of $744.1 million after costs from this offering to redeem its 5% Senior Notes due 2018, reduce borrowings under its credit facilities and for general partnership purposes.

On October 30, 2017, the Partnership redeemed its outstanding 5% Senior Notes due 2018 at par value plus accrued interest through the redemption date.

During the year ended December 31, 2017, we issued 6,433,561 shares through an equity distribution agreement under the May 2016 Shelf (the “December 2016 EDA”) associated with our ATM program, resulting in net proceeds of $343.1 million.

Growth Drivers

We believe that our near-term growth will be driven by the level of producer activity in the basins where our gathering and processing infrastructure is located and by 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 also 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 processing 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. 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 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 system 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 in service in the second 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 $5.1 billion of growth capital projects and approximately $7.2 billion in third-party acquisitions. We expect that organic growth and third-party acquisitions will continue to be a focus of our strategy.

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 NGLs for sale into petrochemical, industrial, commercial and export markets. We believe that our ability to provide 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), measurements (essentially all electronic and electronically linked to a central data-base) and operations and maintenance 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 $94.8 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 managed our leverage ratio, maintained sufficient liquidity and have funded our growth investments with a mix of equity and debt over time. Disciplined management of leverage, liquidity 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 includes a number of individuals who formed us in 2004, and several others who managed many of our businesses prior to acquisition by Targa. They possess a breadth and depth of experience working in the midstream energy business. 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, but also has increasing components of fee-based margin driven by fees added to percent-of-proceeds contracts for natural gas treating and compression, by new/amended contracts with a combination of percent-of-proceeds and fee-based components and by 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 (percent-of-liquids with a fee floor) or percent-of-liquids contracts. 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 and future commodity purchases and sales through 2020 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 domestic 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 small 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 either the gatherers and processors or 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; 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 in 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 27,000 miles of natural gas pipelines and include 37 owned and operated processing plants. During 2017, we processed an average of 3,473.6 MMcf/d of natural gas and produced an average of 333.2 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 2017, we gathered an average of 143.4 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 operations consist of the San Angelo Operating Unit (“SAOU”) and WestTX:

SAOU

SAOU includes approximately 1,700 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. These plants have residue gas connections to pipelines owned by affiliates of Atmos Energy Corporation (“Atmos”), Enterprise Products Partners L.P. (“Enterprise”), Kinder Morgan, Inc. (“Kinder Morgan”), Northern Natural Gas Company (“Northern”) and ONEOK, Inc. (“ONEOK”). SAOU has gathering lines that extend across nine counties.

WestTX

The WestTX gathering system has approximately 4,500 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 six separate plants: the Consolidator, Driver, Midkiff, Benedum, Edward and Buffalo processing facilities. The WestTX processing operations currently have an aggregate processing nameplate capacity of 875 MMcf/d. Two additional plants in the Permian Basin are currently under construction: 1) the 200 MMcf/d Joyce Plant, which is expected to be completed in the first quarter of 2018, and 2) the 200 MMcf/d Johnson Plant, which is expected to begin operations in the third quarter of 2018. In addition, two recently announced 250 MMcf/d plants are expected to begin operations in the first and third quarters of 2019, respectively.

The WestTX system has access to natural gas takeaway pipelines owned by affiliates of Atmos; Kinder Morgan; ONEOK; Enterprise; and Northern.

Permian Delaware

The Permian Delaware operations consist of Sand Hills and Versado:

Sand Hills

The Sand Hills operations consist of the Sand Hills and Loving gas processing plants and related gathering systems in West Texas. These systems consist of approximately 1,900 miles of natural gas gathering pipelines. These gathering systems are primarily low-pressure gathering systems with significant compression assets. The Sand Hills and Loving refrigerated cryogenic processing plants have aggregate processing capacity of 235 MMcf/d. These plants have residue gas connections to pipelines owned by affiliates of Enterprise, Kinder Morgan and ONEOK. Two additional plants in the Delaware Basin are currently under construction: 1) the 60 MMcf/d Oahu Plant, which is expected to be completed in the first quarter of 2018, and 2) the 250 MMcf/d Wildcat Plant, which is expected to begin operations in the second quarter of 2018.

Versado

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 3,600 miles of natural gas gathering pipelines. The Saunders, Eunice and Monument refrigerated cryogenic processing plants have aggregate processing capacity of 255 MMcf/d. These plants have residue gas connections to pipelines owned by affiliates of Kinder Morgan and MidAmerican Energy Company.

SouthTX

The SouthTX system processes natural gas through the Silver Oak I, Silver Oak II and Raptor gas processing plants. The Silver Oak I and II facilities are each 200 MMcf/d cryogenic plants located in Bee County, Texas. The Raptor facility includes a 260 MMcf/d cryogenic plant located in La Salle County, Texas, and approximately 45 miles of high pressure gathering pipelines. As of December 31, 2017, the Raptor gas processing plant and gas gathering facilities are complete and operational. The gathering facilities connect SNMP's Catarina gathering system to the Raptor plant. We operate the Carnero gas gathering and processing facilities.

The SouthTX gathering system includes approximately 800 miles of gathering pipelines located in the Eagle Ford Shale in southern Texas. Included in the total SouthTX pipeline mileage is our 75% interest in T2 LaSalle Gathering Company L.L.C. ("T2 LaSalle"), which has approximately 60 miles of gathering pipelines, and our 50% interest in T2 Eagle Ford Gathering Company L.L.C. ("T2 Eagle Ford"), which has approximately 120 miles of gathering pipelines. T2 LaSalle and T2 Eagle Ford are operated by a subsidiary of Southcross Holdings, L.P. ("Southcross"), which owns the remaining interests.

The SouthTX assets also include a 50% interest in T2 EF Cogeneration Holdings L.L.C. ("T2 Cogen", together with T2 LaSalle and T2 Eagle Ford, the "T2 Joint Ventures"), which owns a cogeneration facility. T2 Cogen is operated by Southcross, which owns the remaining interest in T2 Cogen.

The SouthTX system has access to natural gas takeaway pipelines owned by affiliates of Enterprise; Kinder Morgan; Williams Partners L.P.; CPS Energy; and Energy Transfer Partners, L.P. ("Energy Transfer").

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 4,600 miles of pipelines gathering wellhead natural gas. These plants have residue gas connections to pipelines owned by affiliates of Atmos, Energy Transfer, and Enterprise.

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 1,500 miles of active pipelines.

The SouthOK system includes five separate operational processing plants: Velma, Velma V-60, Coalgate, Stonewall and Tupelo. The SouthOK processing operations currently have a total nameplate capacity of 560 MMcf/d. The 150 MMcf/d Hickory Hills Plant is currently under construction and expected to begin operations in the second half of 2018. The Coalgate, Stonewall, and Hickory Hills facilities are owned by Centrahoma. The SouthOK system has access to natural gas takeaway pipelines owned by affiliates of Enable Midstream Partners, L.P. (“Enable”); MPLX, LP; Kinder Morgan; ONEOK; and Southern Star Central Gas Pipeline, Inc. (“Southern Star”).

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 6,500 miles of natural gas gathering pipelines.

The WestOK system processes natural gas through 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, with total nameplate capacity of 458 MMcf/d. The WestOK system has access to natural gas takeaway pipelines owned by affiliates of Enable; Energy Transfer; and Southern Star.

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. They consist of approximately 4,445 MMcf/d of natural gas processing capacity, 11 MBbl/d of integrated fractionation capacity, 980 miles of onshore gathering system pipelines, and 200 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 three partially owned plants which are not operated by us. 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 460 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 includes approximately 200 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 expected to be completed in the fourth quarter of 2018.

The following table lists the Gathering and Processing segment's processing plants and related volumes for the year ended December 31, 2017:

Facility	Process Type (5)	Operated/ Non-Operated	% Owned	Location	Gross Processing Capacity (MMcf/d) (1)	Gross Plant Natural Gas Inlet Throughput Volume (MMcf/d) (2) (3) (4)	Gross NGL Production (MBbl/d) (2) (3) (4)
Permian Midland							
SAOU							
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	354.0	311.9	38.2
WestTX (6)							
Consolidator	Cryo	Operated	72.8	Reagan County, TX	150.0		
Midkiff	Cryo	Operated	72.8	Reagan County, TX	80.0		
Driver	Cryo	Operated	72.8	Midland County, TX	200.0		
Benedum	Cryo	Operated	72.8	Upton County, TX	45.0		
Edward	Cryo	Operated	72.8	Upton County, TX	200.0		
Buffalo	Cryo	Operated	72.8	Martin County, TX	200.0		
				Area Total	875.0	581.6	80.1
Permian Delaware							
Sand Hills							
Sand Hills	Cryo	Operated	100.0	Crane County, TX	165.0		
Loving	Cryo	Operated	100.0	Loving County, TX	70.0		
				Area Total	235.0	178.0	19.3
Versado (7)							
Saunders	Cryo	Operated	100.0	Lea County, NM	60.0		
Eunice	Cryo	Operated	100.0	Lea County, NM	110.0		
Monument	Cryo	Operated	100.0	Lea County, NM	85.0		
				Area Total	255.0	203.8	23.8
SouthTX							
Silver Oak I	Cryo	Operated	100.0	Bee County, TX	200.0		
Silver Oak II	Cryo	Operated	100.0	Bee County, TX	200.0		
Raptor	Cryo	Operated	50.0	La Salle County, TX	260.0		
				Area Total	660.0	273.2	30.4
North Texas							
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	268.1	30.2
SouthOK (9)							
Coalgate	Cryo	Operated	60.0	Coal County, OK	80.0		
Stonewall	Cryo	Operated	60.0	Coal County, OK	200.0		
Tupelo	Cryo	Operated	100.0	Coal County, OK	120.0		

Velma	Cryo	Operated	100.0	Stephens County, OK	100.0		
Velma V-60	Cryo	Operated	100.0	Stephens County, OK	60.0		
				Area Total	560.0	494.0	42.8
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 (11)	Cryo	Operated	100.0	Woodward County, OK	28.0		
				Area Total	458.0	377.7	21.9
Coastal (12)							
Gillis (13)	Cryo	Operated	100.0	Calcasieu Parish, LA	180.0		
Acadia (14)	Cryo	Operated	100.0	Acadia Parish, LA	80.0		
Big Lake (15)	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 (16)	Cryo	Operated	100.0	Cameron Parish, LA	265.0		
Terrebone	RA	Non-operated	1.5	Terrebonne Parish, LA	950.0		
Toca	Cryo/RA	Non-operated	12.6	St. Bernard Parish, LA	1,150.0		
Sea Robin	Cryo	Non-operated	0.8	Vermillion Parish, LA	700.0		
				Area Total	4,445.0	728.8	38.6
Badlands							
Little Missouri (17)	Cryo/RA	Operated	100.0	McKenzie County, ND	90.0	56.5	7.9
				Segment System Total	8,410.0	3,473.6	333.2

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(1) Gross processing capacity represents 100% of ownership interests and may differ from nameplate processing capacity due to multiple factors including items such as compression limitations, and quality and composition of the gas being processed.
(2) Plant natural gas inlet represents the volume of natural gas passing through the meter located at the inlet of the natural gas processing plant, except for Badlands which represents the total wellhead gathered volume.
(3) Plant natural gas inlet and NGL production volumes represent 100% of ownership interests for our consolidated VESCO joint venture, Silver Oak II, Coalgate and Stonewall plants and our ownership share of volumes for other partially owned plants that we proportionately consolidate based on our ownership interest which may be adjustable subject to an annual redetermination based on our proportionate share of plant production.
(4) Per day Gross Plant Natural Gas Inlet and NGL Production statistics for plants listed above are based on the number of days operational during 2017.
(5) Cryo – Cryogenic Processing; RA – Refrigerated Absorption Processing.
(6) Gross plant natural gas inlet throughput volumes and gross NGL production volumes for WestTX are presented on a pro-rata net basis representing our undivided ownership interest in WestTX, which we proportionately consolidate in our financial statements.
(7) Includes throughput other than plant inlet, primarily from compressor stations.
(8) The Chico plant has fractionation capacity of approximately 15 MBbl/d.
(9) Certain processing facilities in these business units are capable of processing more than their nameplate capacity and when capacity is exceeded the facilities will off-load volumes to other processors, as needed. The gross plant natural gas inlet throughput volume includes these off-loaded volumes.
(10) The Chaney Dell plant was idled in December 2015 due to lower volumes in the WestOK system.
(11) The Chester plant was idled in May 2017 due to lower volumes in the WestOK system.
(12) Coastal also includes two offshore gathering systems which have a combined length of approximately 200 miles.
(13) The Gillis plant has fractionation capacity of approximately 11 MBbl/d.
(14) The Acadia plant is available and operates on the LOU system subject to market conditions.
(15) The Big Lake plant is available and operates subject to market conditions.
(16) The Lowry facility was idled in June 2015, but is available subject to market conditions.
(17) Little Missouri Trains I and II are Straight Refrigeration plants and Little Missouri Train III is a Cryo plant.

Logistics and Marketing Segment

Our Logistics and Marketing segment is also referred to as our Downstream Business. Our Downstream Business includes the activities and assets necessary to convert mixed NGLs into NGL products and also includes other assets and value-added services described below. The Logistics and Marketing segment includes Grand Prix, as well as our equity interest in GCX, which are both currently under construction. 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.

The Logistics and Marketing segment also transports, distributes and markets NGLs via terminals and transportation assets across the U.S. We own or commercially manage terminal facilities in a number of states, including Texas, Oklahoma, Louisiana, Arizona, Nevada, California, Florida, Alabama, Mississippi, Tennessee, Kentucky, New Jersey, Washington and Maryland. The geographic diversity of our assets provides direct access to many NGL customers as well as markets via trucks, barges, ships, rail cars and open-access regulated NGL pipelines owned by third parties, and by Grand Prix once it is completed.

Additional description of the Logistics and Marketing segment assets and business activities associated with Fractionation, NGL Storage and Terminaling, Petroleum Logistics, NGL Distribution and Marketing, Wholesale Domestic Marketing, Refinery Services, Commercial Transportation and Natural Gas Marketing follows below.

Fractionation

After being extracted in the field, mixed NGLs are typically transported to a centralized facility for fractionation where the mixed NGLs are separated into discrete NGL products: ethane, ethane-propane mix, propane, normal butane, iso-butane and natural gasoline.

Our NGL fractionation business is under fee-based arrangements. These fees are subject to adjustment for changes in certain fractionation expenses, including energy costs. The operating results of our NGL fractionation business are dependent upon the volume of mixed NGLs fractionated, the level of fractionation fees charged and product gains/losses from fractionation.

We believe that sufficient volumes of mixed NGLs will be available for fractionation in commercially viable quantities for the foreseeable future due to historical increases in NGL production from shale plays and other shale-technology-driven resource plays in areas of the U.S. that include Texas, New Mexico, Oklahoma and the Rockies and certain other basins accessed by pipelines to Mont Belvieu, as well as from conventional production of NGLs in areas such as the Permian Basin, Mid-Continent, East Texas, South Louisiana and shelf and deep-water Gulf of Mexico. Hydrocarbon dew point specifications implemented by individual natural gas pipelines and the Policy Statement on Provisions Governing Natural Gas Quality and Interchangeability in Interstate Natural Gas Pipeline Company Tariffs enacted in 2006 by the Federal Energy Regulatory Commission (“FERC”) should result in volumes of mixed NGLs being available for fractionation because natural gas requires processing or conditioning to meet pipeline quality specifications. These requirements establish a base volume of mixed NGLs during periods when it might be otherwise uneconomical to process certain sources of natural gas. Furthermore, significant volumes of mixed NGLs are contractually committed to our NGL fractionation facilities.

Although competition for NGL fractionation services is primarily based on the fractionation fee, the ability of an NGL fractionator to obtain mixed NGLs and distribute NGL products is also an important competitive factor. This ability is a function of the existence of storage infrastructure and supply and market connectivity necessary to conduct such operations. We believe that the location, scope and capability of our logistics assets, including our transportation and distribution systems, give us access to both substantial sources of mixed NGLs and a large number of end-use markets.

Our fractionation assets include ownership interests in three stand-alone fractionation facilities that are located on the Gulf Coast, two of which we operate, one at Mont Belvieu, Texas and the other at Lake Charles, Louisiana. We have an equity investment in the third fractionator, Gulf Coast Fractionators LP ("GCF"), also located at Mont Belvieu. In addition to the three stand-alone facilities in the Logistics Assets segment, we own fractionation assets at Chico and LOU in our Gathering and Processing segment.

In June 2016, we commissioned an additional fractionator, CBF Train 5, in Mont Belvieu, Texas. This expansion added 100 MBbl/d of fractionation capacity and is fully integrated with our existing Gulf Coast NGL storage, terminaling and delivery infrastructure, which includes an extensive network of connections to key petrochemical and industrial customers as well as our LPG export terminal at Galena Park on the Houston Ship Channel. In addition, we recently announced another 100 MBbl/d fractionator, which will be connected to most of our other Mont Belvieu and Galena Park facilities. The additional fractionator is expected to begin operations in the first quarter of 2019.

We also have a natural gasoline hydrotreater at Mont Belvieu, Texas that removes sulfur from natural gasoline, allowing customers to meet new, more stringent environmental standards. The facility has a capacity of 35 MBbl/d and is supported by long-term fee-based contracts that have certain guaranteed volume commitments or provisions for deficiency payments.

The following table details the Logistics and Marketing segment's fractionation and treating facilities:

Facility	% Owned	Gross Capacity (MBbl/d) (1)	Gross Throughput 2017 (MBbl/d)
Operated Facilities:			
Lake Charles Fractionator (Lake Charles, LA) (2)	100.0	55.0	3.6
Cedar Bayou Fractionator (Mont Belvieu, TX) (3)	88.0	493.0	348.9
Targa LSNG Hydrotreater (Mont Belvieu, TX)	100.0	35.0	34.6
LSNG treating volumes			26.6
Benzene treating volumes			21.6
Non-operated Facilities:			
Gulf Coast Fractionator (Mont Belvieu, TX)	38.8	125.0	100.9

(1) Actual fractionation capacities may vary due to the Y-grade composition of the gas being processed and does not contemplate ethane rejection.
(2) Lake Charles Fractionator was idled during 2016 as raw volumes were directed to Cedar Bayou Fractionator. Starting in 2017, Lake Charles Fractionator runs in a mode of ethane/propane splitting for a local petrochemical customer and is still configured to handle raw product.
(3)

Gross capacity represents 100% of the volume. Capacity includes 40 MBbl/d of additional back-end butane/gasoline fractionation capacity.

NGL Storage and Terminaling

In general, our NGL storage assets provide warehousing of mixed NGLs, NGL products and petrochemical products in underground wells, which allows for the injection and withdrawal of such products at various times in order to meet supply and demand cycles. Similarly, our terminaling operations provide the inbound/outbound logistics and warehousing of mixed NGLs, NGL products and petrochemical products in above-ground storage tanks. Our NGL underground storage and terminaling facilities serve single markets, such as propane, as well as multiple products and markets. For example, the Mont Belvieu and Galena Park facilities have extensive pipeline connections for mixed NGL supply and delivery of component NGLs, including Grand Prix once it is operational. In addition, some of our facilities are connected to marine, rail and truck loading and unloading facilities that provide services and products to our customers. We provide long and short-term storage and terminaling services and throughput capability to third-party customers for a fee.

Across the Logistics and Marketing segment, we own or operate a total of 39 storage wells at our facilities with a gross storage capacity of approximately 69 MMBbl, the usage of which may be limited by brine handling capacity, which is utilized to displace NGLs from storage.

We operate our storage and terminaling facilities to support our key fractionation facilities at Mont Belvieu and Lake Charles for receipt of mixed NGLs and storage of fractionated NGLs to service the petrochemical, refinery, export and heating customers/markets as well as our wholesale domestic terminals that focus on logistics to service the heating market customer base. Our international export project includes our facilities at both Mont Belvieu and the Galena Park Marine Terminal near Houston, Texas. The facilities have export capacity of approximately 7 MMBbl per month of propane and/or butane with the capability to export international grade low ethane propane. We have the capability to load VLGC vessels alongside small and medium sized export vessels. We continue to experience demand growth for US-based NGLs (both propane and butane) for export into international markets.

The following table details the Logistics and Marketing segment's NGL storage and terminaling facilities:

Facility	% Owned