



October 5, 2015

## **Targa Resources Corp. and Targa Resources Partners LP Provide Financial Outlook and Announce Formation of Eagle Ford Shale Joint Venture**

HOUSTON, Oct. 05, 2015 (GLOBE NEWSWIRE) -- Targa Resources Corp. (NYSE:TRGP) ("TRC" or the "Company") and Targa Resources Partners LP (NYSE:NGLS) ("Targa Resources Partners", "TRP" or the "Partnership") (together "Targa") announced a preliminary financial outlook for 2016, based on commodity prices and activity levels outlined below.

TRC is providing the following preliminary outlook for 2016:

- Dividend growth of 15% over FY2015
- Dividend coverage of approximately 1x
- Effective cash tax rate of 0% to 5%

At the Partnership, the preliminary 2016 outlook includes:

- Commodity price assumptions consistent with current research expectations of \$55.00 per barrel for crude oil, \$0.50 per gallon for the Partnership's typical weighted average NGLs and \$3.25 per MMBtu for natural gas
- Annualized distributions of \$3.30 per common unit, flat to current annualized distributions per common unit
- Distribution coverage of approximately 0.90x to 0.95x
- Compliance Debt/EBITDA ratio in the mid-4x range
- Growth capex of approximately \$600 million based on projects announced currently (including the new Sanchez Energy Corporation ("Sanchez Energy") joint venture discussed below)
- Flat to low single digit growth in Field Gathering & Processing inlet volumes compared to average 2015 inlet volumes
- Over 5 million barrels per month of LPG export volumes predominantly under contract

A sensitivity scenario based on recent 2016 commodity strip prices of \$47.00 per barrel for crude oil, \$0.45 per gallon for the Partnership's typical weighted average NGLs and \$2.85 per MMBtu for natural gas, results in approximately 0.05x lower distribution coverage.

Additional sensitivities for the outlook above include the following price only EBITDA sensitivities: a \$0.05 per gallon change in the weighted average price for TRP's NGLs would change estimated 2016 Adjusted EBITDA by approximately \$20 million; a \$0.25 per MMBtu change in natural gas price would change estimated 2016 Adjusted EBITDA by approximately \$10 million; and a \$5.00 per barrel change in crude oil price would change estimated 2016 Adjusted EBITDA by approximately \$5 million.

TRP also announced that for the third quarter of 2015, TRP estimates distribution coverage of approximately 1.0x to 1.1x.

"The strength of our asset position and the resiliency of our diversified business mix are demonstrated in the results that we have realized to date in 2015 and in the 2016 outlook that we are providing today," said Joe Bob Perkins, Chief Executive Officer of the Partnership and of the Company.

### **Eagle Ford Shale Natural Gas Processing Joint Venture**

Targa Resources Partners also announced that it has entered into joint venture agreements with Sanchez Energy Corporation (NYSE:SN) to construct a new 200 million cubic feet per day ("MMcf/d") cryogenic natural gas processing plant in La Salle County, Texas ("La Salle County Plant") and approximately 45 miles of associated pipelines. TRP expects to invest approximately \$125 million of growth capex related to the joint ventures, and assuming full contribution from Sanchez Energy, will have a 50% ownership interest in the plant and the approximately 45 miles of high pressure gathering pipelines that will connect SN's Catarina gathering system to the plant. Targa will hold all the transportation capacity on the pipeline, and the gathering joint venture will receive fees for transportation.

The La Salle County Plant will accommodate the growing production from Sanchez Energy'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 lines are supported by long-term, firm, fee-based contracts and acreage dedications with Sanchez Energy. TRP will

manage construction and operations of the plant and high pressure gathering lines, and the plant is expected to begin operations in early 2017. Prior to the plant being placed in-service, TRP will benefit from Sanchez Energy natural gas volumes that will be processed at TRP's Silver Oak facilities in Bee County, Texas.

"Improving Targa's presence and performance in the Eagle Ford has been a focus since we completed our acquisition and entered the area earlier this year. The joint venture with Sanchez Energy aligns producer and midstream interests, providing Targa with a strategic plant on the west side of our system supported by a significant acreage dedication and a long-term, fee-based contract with a very successful producer," said Mr. Perkins.

### **Updated Investor Presentation**

Targa will post an updated investor presentation to the Events and Presentations section of the Partnership's and of the Company's website later today.

### **About Targa Resources Corp. and Targa Resources Partners**

Targa Resources Corp. is a publicly traded Delaware corporation that owns a 2% general partner interest (which the Company holds through its 100% ownership interest in the general partner of the Partnership), all of the outstanding IDRs and a portion of the outstanding limited partner interests in Targa Resources Partners LP.

Targa Resources Partners is a publicly traded Delaware limited partnership formed in October 2006 by its parent, Targa Resources Corp., to own, operate, acquire and develop a diversified portfolio of complementary midstream energy assets. The Partnership is a leading provider of midstream natural gas and natural gas liquid services in the United States. In addition, the Partnership provides crude oil gathering and crude oil and petroleum product terminaling services. The Partnership is engaged in the business of gathering, compressing, treating, processing and selling natural gas; storing, fractionating, treating, transporting, terminaling and selling NGLs and NGL products; gathering, storing, and terminaling crude oil; and storing and terminaling petroleum products. The Partnership reports its operations in two divisions: (i) Gathering and Processing, consisting of two reportable segments - (a) Field Gathering and Processing and (b) Coastal Gathering and Processing; and (ii) Logistics and Marketing, consisting of two reportable segments - (a) Logistics Assets and (b) Marketing and Distribution. The financial results of the Partnership's commodity hedging activities are reported in Other.

The principal executive offices of Targa Resources Corp. and Targa Resources Partners are located at 1000 Louisiana, Suite 4300, Houston, TX 77002 and their telephone number is 713-584-1000. For more information please go to [www.targaresources.com](http://www.targaresources.com).

### **Forward-Looking Statements**

Certain statements in this 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 release that address activities, events or developments that the Partnership and the Company expect, believe or anticipate 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 the Partnership's and the Company's control, which could cause results to differ materially from those expected by management of the Partnership and the Company. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including a decline in the price and market demand for natural gas and natural gas liquids; the timing and success of business development efforts; and other uncertainties. These and other applicable uncertainties, factors and risks are described more fully in the Partnership's and the Company's filings with the Securities and Exchange Commission, including their Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Neither the Partnership nor the Company undertake an obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

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