Risk Factors Comparison 2024-02-15 to 2023-02-22 Form: 10-K

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The nature of our business activities subjects us to certain hazards and risks. You should consider carefully the following risk factors together with all the other information contained in this report. If any of the following risks were to occur, then our business, financial condition, cash flows and results of operations could be materially adversely affected. Summary Risk Factors Risks Related to our Results of Operations • Our cash flow is affected by supply and demand for natural gas, NGL products and crude oil and by natural gas, NGL, crude oil and condensate prices, and decreases in commodity prices and / or activity levels could adversely affect our results of operations and financial condition. • A reduction in demand for NGL products by the petrochemical, refinery or other industries or by the fuel or export markets, or a significant increase in NGL product supply relative to this demand, could materially adversely affect our business, results of operations and financial condition. • The natural decline in production in our operating regions and in other regions from which we source NGL supplies means our long-term success depends on our ability to obtain new sources of supplies of natural gas, NGLs and crude oil, which depends on certain factors beyond our control. Any decrease in supplies of natural gas, NGLs or crude oil could adversely affect our business and operating results. • Our industry is highly competitive and increased competitive pressure could adversely affect our business and operating results. • We operate in areas of high industry activity, which may affect our ability to hire, train or retain qualified personnel needed to manage and operate our business. • If third- party pipelines and other facilities interconnected to our natural gas and crude oil gathering systems, terminals and processing facilities become partially or fully unavailable to transport natural gas, NGLs and crude oil, our revenues could be adversely affected. • We typically do not obtain independent evaluations of natural gas or crude oil reserves dedicated to our gathering pipeline systems; therefore, volumes on our systems in the future could be less than we anticipate. • We do not own most of the land on which our pipelines, terminals and compression facilities are located, which could disrupt our operations. • If we lose any of our named executive officers, our business may be adversely affected. • ~~Climatic~~ **Weather** events may damage our pipelines and other facilities, limit our ability or increase the costs to operate our business and adversely impact our customers on whom we rely on for throughput as well as third party vendors from whom we receive goods, which developments could cause us to incur significant costs and adversely affect our business, results of operations and financial condition. • Our business involves many hazards and operational risks, some of which may not be insured or fully covered by insurance. If a significant accident or event occurs for which we are not fully insured, if we fail to recover all anticipated insurance proceeds for significant accidents or events for which we are insured, or if we fail to rebuild facilities damaged by such accidents or events, our operations and financial results could be adversely affected. • Unexpected volume changes due to production variability or to gathering, plant or pipeline system disruptions may increase our exposure to commodity price movements. • Portions of our pipeline systems may require increased expenditures for maintenance and repair owing to the age of some of our systems, which expenditures or resulting loss of revenue due to pipeline age or condition could have a material adverse effect on our business and results of operations. • Terrorist attacks and the threat of terrorist attacks have resulted in increased costs to our business. Continued global and domestic hostilities may adversely impact our results of operations. • We face opposition to operation and expansion of our pipelines and facilities from various individuals and groups. • We may incur significant costs and liabilities resulting from performance of pipeline integrity testing programs and related repairs **, as well as from initiatives relating to pipeline safety that require the use of new or more stringent safety controls or result in more rigorous enforcement of applicable legal requirements** . • We are subject to cybersecurity risks. A cyber incident could occur and result in information theft, data corruption, operational disruption ~~and /~~ **, disclosure of business sensitive, confidential** or **personally identifiable information, misdirected wire transfers, reputational harm, and** financial loss. • The widespread outbreak of **illnesses** ~~pandemics (like COVID- 19)~~ or any other public health ~~crisis~~ **crises** that impacts **operations and / or** the global demand for energy commodities may have material adverse effects on our business, financial position, results of operations and / or cash flows. Risks Related to our Capital Projects and Future Growth • Our expansion or modification of existing assets or the construction of new assets may not result in revenue increases and are subject to regulatory, environmental, political, legal and economic risks, which could adversely affect our results of operations and financial condition. • If we do not develop growth projects and / or make acquisitions for expanding existing assets or constructing new assets on economically acceptable terms, or fail to efficiently and effectively integrate developed or acquired assets with our asset base, our future growth will be limited. In addition, any acquisitions we complete are subject to substantial risks that could adversely affect our financial condition and results of operations and reduce our ability to pay dividends to stockholders. In addition, we may not achieve the expected results of any acquisitions and any adverse conditions or developments related to such acquisitions may have a negative impact on our operations and financial condition. • We may be unable to cause our joint ventures to take or not to take certain actions unless some or all of our joint venture participants agree ~~and certain of our joint venture partners may fail or refuse to fund their respective portions of capital projects that we believe are necessary to expand or maintain such joint venture' s business~~ . Risks Related to our Financial Condition • If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. In addition, potential changes in accounting standards might cause us to revise our financial results and disclosure in the future. • We are exposed to credit risks of our customers, and any material nonpayment or nonperformance by our key customers could adversely affect our cash flow and results of operations. • Continuing or worsening inflationary issues and associated changes in monetary policy have resulted in and may result in additional increases to the cost of our goods, services and personnel, which in turn cause our capital expenditures and operating costs to rise. • Changes in future business conditions could have a negative impact on the demand for our services and could cause recorded long- lived assets to become further impaired, and our financial condition and results of operations could suffer if there is a negative impact on the demand for our services and an additional impairment of long- lived assets. • Our hedging activities may not be effective in reducing the variability of our cash flows and may, in certain circumstances, increase the variability of our cash flows. Moreover, our hedges may not fully protect us against volatility in basis differentials. Finally, the percentage of our expected equity commodity volumes that are hedged decreases substantially over time. • If we fail to balance our purchases and sales of the commodities we handle, our exposure to commodity price risk will increase. • The amounts we pay in dividends may vary from anticipated amounts and circumstances may arise that lead to conflicts between using funds to pay anticipated dividends or to invest in our business. • ~~If dividends on our shares of common stock are not paid with respect to any fiscal quarter, our stockholders will not be entitled to receive that quarter' s payments in the future. •~~ Our future tax liability may be greater than expected if our NOL carryforwards are limited, we do not generate expected deductions, or tax authorities successfully challenge certain of our tax positions. • Changes in tax laws or the interpretation thereof or the imposition of new or increased taxes may adversely affect our financial condition, results of operations and cash flows. • Derivatives legislation and its implementing regulations could have a material adverse effect on our ability to use derivative instruments to reduce the effect of commodity price, interest rate and other risks associated with our business. Risks Related to the Ownership of our Common Stock • Future sales of our common stock in the public market could lower our stock price, and any additional capital raised by us through the sale of equity or convertible securities may dilute your ownership in us. • Our amended and restated certificate of incorporation and amended and restated bylaws, as well as Delaware law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our common stock. • We may issue preferred stock whose terms could adversely affect the voting power or value of our common stock. Risks Related to our Indebtedness • Continued increases in interest rates, due to associated Federal Reserve policies or otherwise, could adversely affect our cost of capital, which could increase our funding costs and reduce the overall profitability of our business. • We have a substantial amount of indebtedness which may adversely affect our financial position and we may still be able to incur substantially more debt, which could collectively increase the risks associated with compliance with our financial covenants. • The terms of our debt agreements may restrict our current and future operations, particularly our ability to respond to changes in business or to take certain actions, including to pay dividends to our stockholders. Risks Related to Regulatory Matters • Our and our customers' operations are subject to a number of risks arising out of the threat of climate change **, including increasingly stringent regulations for methane or other emissions from the oil and gas sector,** that could result in increased operating costs, limit the areas in which oil and natural gas production may occur, ~~and~~ reduce demand for the products and services we provide **, and reduce our or our customers' ability to access capital** . • Increasing stakeholder and market attention to ~~ESG~~ **sustainability** matters **and disclosure obligations** may impact our business. • We could incur significant costs in complying with more stringent occupational safety and health requirements. • Laws, regulations and executive orders limiting hydraulic fracturing activities could result in restrictions, delays or cancellations in drilling and completing new oil and natural gas wells by our customers, which could adversely impact our revenues by decreasing the volumes of natural gas, NGLs or crude oil through our facilities and reducing the utilization of our assets. • Our operations are subject to environmental laws and regulations and a failure to comply or an accidental release into the environment may cause us to incur significant costs and liabilities. • A change in the jurisdictional characterization of some of our assets by federal, state, tribal or local regulatory agencies or a change in policy by those agencies may result in increased regulation of our assets, which may (i) cause our revenues to decline and operating expenses to increase or (ii) delay or increase the cost of expansion projects. • ~~Federal and state legislative and regulatory initiatives relating to pipeline safety that require the use of new or more stringent safety controls or result in more rigorous enforcement of applicable legal requirements could subject us to increased capital costs, operational delays and costs of operation. •~~ Should we fail to comply with all applicable FERC- administered statutes, rules, regulations and orders, we could be subject to substantial penalties and fines. • We are or may become subject to cybersecurity and data privacy laws, regulations, litigation and directives relating to our processing of personal information. Our operations can be affected by the level of natural gas, NGL and crude oil prices and the relationship between these prices. The prices of natural gas, NGLs and crude oil have been **historically** volatile, and we expect this volatility to continue **which impacts production activity levels** . Our future cash flows may be materially adversely affected if we experience significant, prolonged price deterioration **that also decreases production activity levels in our areas of operation** . The markets and prices for natural gas, NGLs and crude oil depend upon factors beyond our control. These factors include supply and demand for these commodities, which fluctuates with changes in market and economic conditions, and other factors, including: • the impact of seasonality and weather, including severe weather conditions and other natural disasters, such as flooding, droughts and winter storms, the frequency, severity and impact of which could be increased by the effects of climate change; • general economic conditions and economic conditions impacting our primary markets, including the impact of continued inflation and rising interest rates and associated changes in monetary policy; • the economic conditions of our customers; • the level of domestic crude oil and natural gas production and consumption; • the availability of imported natural gas, liquefied natural gas, NGLs and crude oil; • actions taken by major foreign oil and gas producing nations; • the availability of local, intrastate and interstate transportation systems and storage for residue natural gas and NGLs; • the availability of domestic storage for crude oil; • the availability and marketing of competitive fuels and / or feedstocks; • the impact of energy conservation efforts and the related transition to a low carbon economy, as a result of the IRA or otherwise; • stockholder activism and activities by non- governmental organizations to limit certain sources of funding for the energy sector or restrict the exploration, development and production of crude oil and natural gas; and • the extent and nature of governmental regulation and taxation, including those related to the prorationing of oil and gas production. Our primary natural gas gathering and processing arrangements that expose us to commodity price risk are our percent- of- proceeds arrangements. Under these arrangements, we generally process natural gas from producers and remit to the producers an agreed percentage of the proceeds from the sale of residue gas and NGL products at market prices or a percentage of residue gas and NGL products at the tailgate of our processing facilities. In some percent- of- proceeds arrangements, we remit to the producer a percentage of an index- based price for residue gas and NGL products, less agreed adjustments, rather than remitting a portion of the actual sales proceeds. Under these types of arrangements, our revenues and cash flows increase or decrease, whichever is applicable, as the prices of natural gas, NGLs and crude oil fluctuate, to the extent our exposure to these prices is unhedged. See " Item 7A. Quantitative and Qualitative Disclosures About Market Risk. " The NGL products we produce have a variety of applications, including heating fuels, petrochemical feedstocks and refining blend stocks. A reduction in demand for NGL products, whether because of general or industry- specific economic conditions, new government regulations, including the IRA, global competition, reduced demand by consumers for products made with NGL products (for example, reduced petrochemical demand observed due to lower activity in the automobile and construction industries), reduced demand for propane or butane exports whether for price or other reasons, increased competition from petroleum- based feedstocks due to pricing differences, mild winter weather for some NGL applications or other reasons, could result in a decline in the volume of NGL products we handle or reduce the fees we charge for our services. Also, increased supply of NGL products could reduce the value of NGLs handled by us and reduce the margins realized. Our NGL products and their demand are affected as follows: Ethane. Ethane is typically supplied as purity ethane and as part of an ethane- propane mix. Ethane is primarily used in the petrochemical industry as feedstock for ethylene, one of the basic building blocks for a wide range of plastics and other chemical products. Although ethane is typically extracted as part of the mixed NGL stream at gas processing plants, if natural gas prices increase significantly in relation to NGL product prices or if the demand for ethylene falls, it may be more profitable for natural gas processors to leave the ethane in the natural gas stream, thereby reducing the volume of NGLs delivered for fractionation and marketing. Propane. Propane is used as a petrochemical feedstock in the production of ethylene and propylene, as a heating, engine and industrial fuel, and in agricultural applications such as crop drying. Changes in demand for ethylene and propylene could adversely affect demand for propane. The demand for propane as a heating fuel is significantly affected by weather conditions. The volume of propane sold is increasingly driven by international exports supplying a growing global demand for the product. Domestically in the U. S., propane is at its highest during the six- month peak heating season of October through March. Demand for our propane may be reduced during periods of slow global economic growth and warmer- than- normal weather. Normal Butane. Normal butane is used in the production of isobutane, as a refined petroleum product blending component, as a fuel gas (either alone or in a mixture with propane) and in the production of ethylene and propylene. Changes in the composition of refined petroleum products resulting from governmental regulation, changes in feedstocks, products and economics, and demand for heating fuel, ethylene and propylene could adversely affect demand for normal butane. The volume of butane sold is increasingly driven by international exports supplying a growing demand for the product. Isobutane. Isobutane is predominantly used in refineries to produce alkylates to enhance octane levels. Accordingly, any action that reduces demand for motor gasoline or demand for isobutane to produce alkylates for octane enhancement might reduce demand for isobutane. Natural Gasoline. Natural gasoline is used as a blending component for certain refined petroleum products and as a feedstock used in the production of ethylene and propylene. Changes in the mandated composition of motor gasoline resulting from governmental regulation, and in demand for ethylene and propylene, could adversely affect demand for natural gasoline. NGLs and products produced from NGLs also compete with products from global markets. Any reduced demand or increased supply for ethane, propane, normal butane, isobutane or natural gasoline in the markets we access for any of the reasons stated above could adversely affect both demand for the services we provide and NGL prices, which could negatively impact our results of operations and financial condition. Our gathering systems are connected to crude oil and natural gas wells from which production will naturally decline over time, which means that the cash flows associated with these sources of natural gas and crude oil will likely also decline over time. Our logistics assets are similarly impacted by declines in NGL supplies in the regions in which we operate as well as other regions from which we source NGLs. To maintain or increase throughput levels on our gathering systems and the utilization rate at our processing plants and our treating and fractionation facilities, we must continually obtain new natural gas, NGL and crude oil supplies. A material decrease in natural gas or crude oil production from producing areas on which we rely, as a result of depressed commodity prices or otherwise, could result in a decline in the volume of natural gas or crude oil that we gather and process, NGLs that we transport or NGL products delivered to our fractionation facilities. Our ability to obtain additional sources of natural gas, NGLs and crude oil depends, in part, on the level of successful drilling and production activity near our gathering systems and, in part, on the level of successful drilling and production in other areas from which we source NGL and crude oil supplies. We have no control over the level of such activity in the areas of our operations, the amount of reserves associated with the wells or the rate at which production from a well will decline. In addition, we have no control over producers or their drilling, completion or production decisions, which are affected by, among other things, prevailing and projected energy prices, demand for hydrocarbons, the level of reserves, geological considerations, governmental regulations, the availability of drilling rigs, other production and development costs and the availability and cost of capital. Fluctuations in energy prices can greatly affect production rates and investments by third parties in the development of new oil and natural gas reserves. ~~Drilling and production activity generally decreases as crude oil and natural gas prices decrease. Prices of crude oil and natural gas have been historically volatile, and we expect this volatility to continue. Consequently, even~~ **Even** if new natural gas or crude oil reserves are discovered in areas served by our assets, producers may choose not to develop those reserves. ~~For example, low~~ **In response to depressed commodity** prices **, operators may engage** ~~for natural gas combined with high levels of natural gas in storage could result~~ in curtailment or ~~shut- in of natural gas production similar to the production~~ shut- ins **or** ~~we experienced in 2020 due to the impacts of the COVID- 19 pandemic. Furthermore, in response to depressed commodity prices, during 2020 and early 2021 many operators announced substantial~~ **substantially reduce** ~~reductions in~~ their estimated capital expenditures, rig count and completion crews. Reductions in exploration and production activity, competitor actions or shut- ins by producers in the areas in which we operate may prevent us from obtaining supplies of natural gas or crude oil to replace the natural decline in volumes from existing wells, which could result in reduced volumes through our facilities and reduced utilization of our gathering, treating, processing, transportation and fractionation assets. We compete with similar enterprises in our respective areas of operation. Some of our competitors are large crude oil, natural gas and NGL companies that have greater financial resources and access to supplies of natural gas, NGLs and crude oil than we do. Some of these competitors may expand or construct gathering, processing, storage, terminaling and transportation systems that would create additional competition for the services we provide to our customers. In addition, customers who are significant producers of natural gas may develop their own gathering, processing, storage, terminaling and transportation systems in lieu of using those operated by us. Our ability to renew or replace existing contracts with our customers at rates sufficient to maintain current revenues and cash flows could be adversely affected by the activities of our competitors and our customers. All of these competitive pressures could have a material adverse effect on our business, results of operations and financial condition. We operate in areas in which industry activity has increased rapidly. As a result, demand for qualified personnel in these areas, particularly those related to our Permian and Badlands assets, and the cost to attract and retain such personnel, has increased over the past few years due to competition, and may increase substantially in the future. Moreover, our competitors may be able to offer better compensation packages to attract and retain qualified personnel than we are able to offer. Any delay or inability to secure the personnel necessary for us to continue or complete our current and planned development projects, or any significant increases in costs with respect to the hiring, training or retention of qualified personnel, could have a material adverse effect on our business, financial condition and results of operations. We depend upon third- party pipelines, storage and other facilities that provide delivery options to and from our gathering and processing facilities. Since we do not own or operate these pipelines or other facilities, their continuing operation in their current manner is not within our control. If any of these third- party facilities become partially or fully unavailable, or if the quality specifications for their facilities change so as to restrict our ability to utilize them, our revenues could be adversely affected. We typically do not obtain independent evaluations of natural gas or crude oil reserves connected to our gathering systems due to the unwillingness of producers to provide reserve information as well as the cost of such evaluations. Accordingly, we do not have independent estimates of total reserves dedicated to our gathering systems or the anticipated life of such reserves. If the total reserves or estimated life of the reserves connected to our gathering systems is less than we anticipate and we are unable to secure additional sources of supply, then the volumes of natural gas or crude oil transported on our gathering systems in the future could be less than we anticipate. A decline in the volumes on our systems could have a material adverse effect on our business, results of operations and financial condition. We do not own most of the land on which our pipelines, terminals and compression facilities are located, and we are therefore subject to the possibility of more onerous terms and / or increased costs to retain necessary land use if we do not have valid rights of way or leases or if such rights of way or leases lapse or terminate. We sometimes obtain the rights to land owned by third parties and governmental agencies for a specific period of time. Additionally, the federal Tenth Circuit Court of Appeals has held that tribal ownership of even a very small fractional interest in an allotted land, that is, tribal land owned or at one time owned by an individual Indian landowner, bars condemnation of any interest in the allotment. Consequently, the inability to condemn such allotted lands under circumstances where an existing pipeline rights of way may soon lapse or terminate serves as an additional impediment for pipeline operators. We cannot guarantee that we will always be able to renew existing rights of way or obtain new rights of way without experiencing significant costs. Any loss of rights with respect to our real property, through our inability to renew rights of way contracts or leases, or otherwise, could cause us to cease operations on the affected land, increase costs related to continuing operations elsewhere and reduce our revenue. Our success is dependent upon the efforts of our named executive officers. Our named executive officers are responsible for executing our business strategies. There is substantial competition for qualified personnel in the midstream oil and gas industry. We may not be able to retain our existing named executive officers or fill new positions or vacancies created by expansion or turnover. We have not entered into employment agreements with any of our named executive officers. In addition, we do not maintain “ key man ” life insurance on the lives of any of our named executive officers. A loss of one or more of our named executive officers could harm our business and prevent us from implementing our business strategies. ~~Climatic~~ **Weather** events in the areas in which we or our customers operate can cause disruptions and in some cases suspension of our operations and development activities. For example, unseasonably wet weather, extended periods of below freezing weather, or hurricanes, among other disruptive weather patterns, may cause a loss of throughput from temporary cessation of activities or lost, damaged or ineffective equipment. Our planning for normal climatic variation, insurance programs and emergency recovery plans may inadequately mitigate the effects of such weather conditions, and not all such effects can be predicted, eliminated or insured against. Potential climatic changes may have significant physical effects, such as increased frequency and severity of storms, floods **, droughts, extreme temperatures, wildfires** and wintry conditions and could have an adverse effect on our **infrastructure or** continued operations as well as the operations of our oil and gas exploration and production customers that deliver natural gas to us for processing and throughput, our third party vendors that supply us with goods **, utilities necessary for our, our suppliers’, or our customers’ continued operations** , and third party insurance providers that make insuring products available to defray our costs or offset any damages and losses we incur. Any unusual or prolonged severe ~~climatic~~ **weather** events or increased frequency thereof, such as freezing weather or rain, earthquakes, hurricanes, droughts, **extreme temperatures, wildfires** or floods in our oil and gas exploration and production customers’ or our third party vendors’ areas of operations or markets, whether due to climatic change or otherwise, could have a material adverse effect on our business, results of operations and financial condition. Our operations along the Gulf Coast, in offshore waters and at major river crossings in particular could be adversely impacted by changing climatic conditions, as rising sea levels, subsidence and erosion are potential causes for serious damage to our pipelines and other facilities, which could affect our ability to provide services. These damages could result in leakage, migration, releases or spills from our operations to surface or subsurface soils, surface water, groundwater or to the Gulf of Mexico and could result in liability, remedial obligations or otherwise have a negative impact on continued operations. Additionally, rising sea levels, subsidence and erosion processes could impact our oil and gas exploration and production customers who operate along the Gulf Coast, and they may be unable to utilize our services. Adverse climatic impacts, whether inland or along the coast or offshore, could also affect our third- party suppliers, which could limit their ability to provide us with the necessary products and services enabling us to maintain operation of our pipelines and other facilities. As a result, we may incur significant costs to repair, preserve or make more efficient our pipeline infrastructure and other facilities. Such costs could adversely affect our business, financial condition, results of operations and cash flows. Moreover, we could incur significant costs to weatherize or upgrade weatherization of our facility equipment in anticipation of future ~~climatic~~ **weather** events. For example, following Texas Governor Greg Abbott ~~'~~ **'** s direction to adopt rules related to weather resiliency, in August 2022, the Texas Railroad Commission adopted the Weather Emergency Preparedness Standards rule, which requires critical gas facilities on the state' s Electricity Supply Chain Map (including gas pipelines that directly serve electricity generation) to (i) weatherize to help ensure sustained operations during a weather emergency, (ii) correct known issues that caused weather- related forced stoppages and (iii) contact the Texas Railroad Commission if a facility sustains a weather- related forced stoppage during a weather emergency. Inspectors from the Critical Infrastructure Division of the Texas Railroad Commission began inspections on December 1, 2022. If, upon inspection, we are required to further weatherize or update weatherization of certain facilities, we may incur significant costs to complete any additional weatherization. Additionally, issues beyond our control, such as grid reliability or the severity of any such weather event, might undermine any winterization or emergency weather preparedness efforts we make. Furthermore, our operations in western Texas and New Mexico may be sensitive to drought and restrictions on water use. Our operations are subject to many hazards inherent in **gathering, compressing, treating, processing, transporting,** purchasing ~~, gathering, compressing, treating, processing~~ and ~~/ or~~ selling natural gas; **transporting,** storing, fractionating, treating ~~, transporting~~ **and purchasing** and selling NGLs and NGL products **, including services to LPG exporters** ; and **gathering, storing, terminaling and** purchasing ~~, gathering, storing~~ and **selling** ~~/ or terminaling~~ crude oil, including: • damage to pipelines and plants, related equipment and surrounding properties caused by hurricanes, **earthquakes,** tornadoes, floods, fires **, extreme temperatures,** and other natural disasters, explosions **, cyber attacks,** and acts of terrorism; • inadvertent damage from third parties, including from motor vehicles and construction, farm or utility equipment; • damage that is the result of our negligence or any of our employees' negligence; • leaks of natural gas, NGLs, crude oil and other hydrocarbons or losses of natural gas or NGLs as a result of the malfunction of equipment or facilities; • spills or other unauthorized releases of natural gas, NGLs, crude oil, other hydrocarbons or waste materials that contaminate the environment, including soils, surface water and groundwater, and otherwise adversely impact natural resources; and • other hazards that could also result in personal injury, loss of life, pollution and / or suspension of operations. These risks could result in substantial losses due to personal injury, loss of life, severe damage to and destruction of property and equipment, and pollution or other environmental or natural resource damage, and may result in delay, curtailment or suspension of our related operations. A natural disaster or other hazard affecting the areas in which we operate could have a material adverse effect on our operations. We are not fully insured against all risks inherent to our business. Additionally, while we are insured against pollution resulting from environmental accidents that occur on a sudden and accidental basis, we may not be insured against all environmental accidents that might occur, some of which may result in toxic tort claims. If a significant accident or event occurs that is not fully insured, if we fail to recover all anticipated insurance proceeds for significant accidents or events for which we are insured, or if we fail to rebuild facilities damaged by such accidents or events, our operations and financial condition could be adversely affected. In addition, we may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies have increased substantially, and could escalate further. For example, following the occurrence of severe hurricanes along the U. S. Gulf Coast in recent years, insurance premiums, deductibles and co- insurance requirements increased substantially, and terms were generally less favorable than terms that could be obtained prior to such hurricanes, with some coverage unavailable at any cost. **Further, due to the impacts of recent weather events, certain major insurance companies are either reducing, or no longer offering, certain coverages in Texas, among other states. If a significant accident or event occurs for which we are not fully insured or if we fail to acquire insurance for certain of our operations generally, our operations and financial results could be adversely affected.** We sell processed natural gas at plant tailgates or at pipeline pooling points. Sales made to natural gas marketers and end- users may be interrupted by disruptions to volumes anywhere along the system. We attempt to balance sales with volumes supplied from processing operations, but unexpected volume variations due to production variability or to gathering, plant or pipeline system disruptions may expose us to volume imbalances **,** which, in conjunction with movements in commodity prices, could materially impact our income from operations and cash flow. Some portions of the pipeline systems that we operate have been in service for several decades prior to our purchase of them. Consequently, there may be historical occurrences or latent issues regarding our pipeline systems that our executive management may be unaware of and that may have a material adverse effect on our business and results of operations. The age and condition of some of our pipeline systems could also result in increased maintenance or repair expenditures, and any downtime associated with increased maintenance and repair activities could materially reduce our revenue. Any significant increase in maintenance and repair expenditures or loss of revenue due to the age or condition of some portions of our pipeline systems could adversely affect our business and results of operations. The long- term impact of terrorist attacks, such as the attacks that occurred on September 11, 2001, and the threat of future terrorist attacks on our industry in general and on us in particular is not known at this time. However, resulting regulatory requirements and / or related business decisions associated with security are likely to increase our costs. Increased security measures taken by us as a precaution against possible terrorist attacks have resulted in increased costs to our business. Uncertainty surrounding continued global and domestic hostilities may affect our operations in unpredictable ways, including disruptions of crude oil supplies and markets for our products, and the possibility that infrastructure facilities could be direct targets, or indirect casualties, of an act of terror.

Changes in the insurance markets attributable to terrorist attacks may make certain types of insurance more difficult for us to obtain. Moreover, the insurance that may be available to us may be significantly more expensive than our existing insurance coverage or coverage may be reduced or unavailable. Instability in the financial markets as a result of terrorism or war could also affect our ability to raise capital. We have experienced, and may encounter from time to time, opposition to the operation and expansion of our pipelines and facilities from governmental officials, non- governmental environmental organizations and groups, landowners, tribal groups, local groups and other advocates. In some instances, we encounter opposition which disfavors hydrocarbon- based energy supplies regardless of practical implementation or financial considerations. Opposition to our operation and expansion can take many forms, including the delay, denial or termination of required governmental permits or approvals, organized protests, attempts to block or sabotage our operations, intervention in regulatory or administrative proceedings involving our assets or lawsuits or other actions designed to prevent, disrupt, delay or terminate the operation or expansion of our assets and business. Similar actions pursued against our oil and gas customers could result in interruptions or limitations to their businesses, which could reduce demand for our services. Any such event that restricts, delays or prevents the expansion of our or our customers' businesses, interrupts the revenues generated by our or our customers' operations or causes us or our customers to make significant expenditures not covered by insurance could adversely affect our business, results of operations, and financial condition, as well as reduce the demand for our services. Increased regulatory attention to environmental justice matters at the federal and state level may also provide communities opposed to our operations with greater opportunities to challenge or delay the permitting approval process. Pursuant to the authority under the NGPSA and HLPSA, PHMSA has established rules requiring pipeline operators to develop and implement integrity management programs for certain natural gas and hazardous liquids pipelines located where a pipeline leak or rupture could affect higher and moderate consequence risk areas, known as HCAs and MCAs, which are areas where a release could have the most significant adverse consequences. Among other things, these regulations require operators of covered pipelines to: • perform ongoing assessments of pipeline integrity; • identify and characterize applicable threats to pipeline segments that could impact an HCA, MCA or Class 3 or 4 area; • maintain processes for data collection, integration and analysis; • repair and remediate pipelines as necessary; and • implement preventive and mitigating actions. **The** ~~With adoption of the~~ Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (" 2011 Pipeline Safety Act "), the Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016 (" 2016 Pipeline Safety Act ") and the Protecting Our Infrastructure of Pipelines and Enhancing Safety (" PIPES ") Act of 2020 ~~over the past decade~~ , ~~existing mandates~~ require PHMSA to impose more stringent pipeline safety standards **on pipeline operators** . As a result of those legislative enactments, PHMSA has issued several significant rulemakings. **In August** ~~For example, more recently, in November 2021~~ **2022** , PHMSA ~~issued a final~~ **finalized the last of three** ~~rule~~ **rules known collectively** ~~establishing two new classes of onshore gas~~ - **as** ~~gathering pipelines — Type R and Type C — and~~ **the " Gas Mega Rule, " which collectively, among other items,** imposed safety regulations on ~~approximately 400, 000 miles of~~ previously unregulated onshore gas gathering lines ~~that~~ , **required** ~~among other things, established criteria for inspection and repair of fugitive emissions, extended reporting requirements to all gas gathering operators and applied a set of minimum safety requirements to certain gas gathering pipelines with large diameters and high operating pressures. Separately, in June 2021, PHMSA issued an Advisory Bulletin advising pipeline and pipeline facility operators of applicable requirements to update~~ **updated** ~~their~~ inspection and maintenance plans for the elimination of hazardous leaks and minimization of natural gas released from pipeline facilities **and** ~~. PHMSA, together with state regulators, were expected to commence inspection of operator plans in 2022. In August 2022, PHMSA finalized additional pipeline safety rules, which~~ adjusted ~~the~~ **and strengthened** repair **, maintenance and integrity management assessment** criteria for pipelines in HCAs **and** ~~, created new criteria for pipelines in~~ non- HCAs ~~, and strengthened integrity management assessment requirements, among other items~~ . The integrity- related requirements and other provisions of the 2011 Pipeline Safety Act, the 2016 Pipeline Safety Act, and the PIPES Act of 2020, as well as any implementation of PHMSA rules thereunder, could require us to pursue additional capital projects or conduct integrity or maintenance programs on an accelerated basis and incur increased operating costs that could have a material adverse effect on our costs of transportation services as well as our business, results of operations and financial condition. In addition, certain states, including Texas, Louisiana, Oklahoma, New Mexico, and North Dakota, where we conduct operations, have adopted regulations similar to existing PHMSA regulations for certain intrastate natural gas and hazardous liquids pipelines. We plan to continue our pipeline integrity inspection programs to assess and maintain the integrity of our pipelines. The results of these inspections may cause us to incur material and unanticipated capital and operating expenditures for repairs or upgrades deemed necessary to ensure the continued safe and reliable operation of our pipelines. The **imposition of new or enhanced safety requirements, or any issuance or reinterpretation of guidance by PHMSA or any other state or federal agencies with respect thereto, may require us to install new or modified safety controls, pursue additional capital projects or conduct maintenance programs on an accelerated basis, any or all of which could result in increased operating costs that could have an adverse effect on our results of operations or financial position. We are subject to cybersecurity risks. A cyber incident could occur and result in information theft, data corruption, operational disruption, disclosure of business sensitive, confidential or personally identifiable information, misdirected wire transfers, reputational harm, and financial loss. The** oil and natural gas industry has become increasingly dependent on digital technologies to conduct business. For example, we depend on digital technologies to operate our facilities, serve our customers and record financial data. At the same time, cyber incidents, including deliberate attacks, have increased **. Our technologies, systems, networks, including our operational technology systems, and those of our business partners may become the target of cyber- attacks or security breaches** . In May 2021, a ransomware attack on a major U. S. refined products pipeline forced the operator to temporarily shut down the pipeline, resulting in disruption of fuel supplies along the East Coast. The U. S. government has issued public warnings that indicate that energy assets might be specific targets of cybersecurity threats. Our technologies, systems and networks, and those of our vendors, suppliers, customers and other business partners, may become the target of cyber- attacks or information security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of proprietary and other information, or could adversely disrupt our business operations. In addition, certain cyber incidents, such as surveillance, may remain undetected for an extended period. Our systems for protecting against cybersecurity risks may not be sufficient **, and no security measure is infallible** . As cyber incidents continue to evolve, we will ~~likely~~ be required to expend additional resources to enhance our security posture and cybersecurity defenses or to investigate and remediate any vulnerability to or consequences of cyber incidents. **Advances in computer capabilities, rapid changes and innovation in the field of artificial intelligence, cryptography, inadequate facility security or other developments may result in a compromise or breach of the technology we use to safeguard confidential, personal, or otherwise protected information. As the breadth and complexity of the technologies we use continue to grow, including as a result of the use of mobile devices, cloud services, open source software, social media and the increased reliance on devices connected to the internet, the potential risk of security breaches and cybersecurity attacks also increases. Despite ongoing efforts to improve our ability to protect data from compromise, we may not be able to protect all of our data across our diverse systems. Our efforts to improve security and protect data may also identify previously undiscovered instances of security breaches or other cyber incidents.** Our insurance coverages ~~for cyber- attacks~~ may not be sufficient to cover all the losses we may experience as a result of a cyber incident ~~. The widespread outbreak pandemics (like COVID- 19) or any other public health crisis that impacts the global demand for energy commodities may have material adverse effects on our business, financial position, results of operations and / or cash flows~~ . We face risks related to the outbreak of illnesses, pandemics and other public health crises that are outside of our control and could significantly disrupt our operations and adversely affect our financial condition. ~~The~~ **For example, the** effects of the COVID- 19 pandemic, including travel bans, prohibitions on group events and gatherings, shutdowns of certain businesses, curfews, shelter- in- place orders and recommendations to practice social distancing in addition to other actions taken by both businesses and governments, resulted in a significant and swift reduction in international and U. S. economic activity ~~. Since the beginning of 2021, the distribution of COVID- 19 vaccines progressed and many government- imposed restrictions were relaxed or rescinded. However, we continue to monitor the effects of the pandemic on our operations. Our results of operations and financial condition have been and may continue to be adversely affected by the COVID- 19 pandemic. The extent to which our operating and financial results are affected by COVID- 19 will depend on various factors and consequences beyond our control, such as the emergence of more contagious and harmful variants of the COVID- 19 virus, the duration and scope of the pandemic, additional actions by businesses and governments in response to the pandemic, and the speed and effectiveness of responses to combat the virus. COVID- 19, and the volatile regional and global economic conditions stemming from the pandemic, could also aggravate the other risk factors that we identify herein. While the effects of the COVID- 19 pandemic have lessened recently in the United States, we cannot predict the duration or future effects of the pandemic, or more contagious and harmful variants of the COVID- 19 virus, and such effects may materially adversely affect our results of operations and financial condition in a manner that is not currently known to us or that we do not currently consider to present significant risks to our operations~~ . The construction of additions or modifications to our existing systems and the construction of new midstream assets involve numerous regulatory, environmental, political and legal uncertainties beyond our control and may require the expenditure of significant amounts of capital. If we undertake these projects, they may not be completed on schedule, at the budgeted cost or at all. For example, the construction of additional systems may be delayed or require greater capital investment if the commodity prices of certain supplies, such as steel pipe, increase due to imposed tariffs. Moreover, our revenues may not increase immediately upon the expenditure of funds on a particular project. For instance, if we build a new pipeline, fractionation facility or gas processing plant, the construction may occur over an extended period of time and we will not receive any material increases in revenues until the project is completed. Moreover, we may construct pipelines or facilities to capture anticipated future growth in production in a region in which such growth does not materialize. Since we are not engaged in the exploration for and development of natural gas and oil reserves, we do not possess reserve expertise and we often do not have access to third- party estimates of potential reserves in an area prior to constructing pipelines or facilities in such area. To the extent we rely on estimates of future production in any decision to construct additions to our systems, such estimates may prove to be inaccurate because there are numerous uncertainties inherent in estimating quantities of future production. As a result, new pipelines or facilities may not be able to attract enough throughput to achieve our expected investment return, which could adversely affect our results of operations and financial condition. In addition, the construction of additions to our existing gathering and transportation assets may require us to obtain new rights of way prior to constructing new pipelines. We may be unable to obtain or renew such rights of way to connect new natural gas and crude oil supplies to our existing gathering lines or capitalize on other attractive expansion opportunities. Additionally, it may become more expensive for us to obtain new rights of way or to renew existing rights of way. If the cost of renewing or obtaining new rights of way increases, our cash flows could be adversely affected. Our ability to grow depends, in part, on our ability to develop growth projects and / or make acquisitions that result in an increase in cash generated from operations. If we are unable to develop accretive growth projects or make accretive acquisitions because we are unable to (~~1~~ **i**) develop growth projects economically or identify attractive acquisition candidates and negotiate acceptable acquisition agreements ~~or~~ , (~~2~~ **ii**) obtain financing for these projects or acquisitions on economically acceptable terms, or (~~3~~ **iii**) compete successfully for growth projects or acquisitions, then our future growth and ability to return increasing capital to our shareholders may be limited. Any growth project or acquisition involves potential risks, including, among other things: • operating a significantly larger combined organization and adding new or expanded operations; • difficulties in the assimilation of the assets and operations of the growth projects or acquired businesses, especially if the assets developed or acquired are in a new business segment and / or geographic area; • the risk that crude oil and natural gas reserves expected to support the acquired assets may not be of the anticipated magnitude or may not be developed as anticipated; • the failure to realize expected volumes, revenues, profitability or growth; • the failure to realize any expected synergies and cost savings; • coordinating geographically disparate organizations, systems and facilities; • the assumption of environmental and other unknown liabilities; • limitations on rights to indemnity from the seller in an acquisition or the contractors and suppliers in growth projects; • the failure to attain or maintain compliance with environmental and other governmental regulations; • inaccurate assumptions about the overall costs of equity or debt or the tightening of capital markets and access to new capital; • the diversion of management' s and employees' attention from other business concerns; • challenges associated with joint venture relationships and minority investments, including dependence on joint venture partners, controlling shareholders or management who may have business interests, strategies or goals that are inconsistent with ours; and • customer or key employee losses at the acquired businesses or to a competitor. If these risks materialize, any growth project or acquired assets may inhibit our growth, fail to deliver expected benefits and / or add further unexpected costs. Challenges may arise whenever businesses with different operations or management are combined, and we may experience unanticipated delays in realizing the benefits of a growth project or acquisition if we fail to successfully integrate such businesses ~~, including the Delaware Basin Acquisition and South Texas Acquisition,~~ with our operations. If we consummate any future growth project or acquisition, our capitalization and results of operations may change significantly and you may not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in evaluating future growth projects or acquisitions. Our growth and acquisition strategy is based, in part, on our expectation of ongoing divestitures of energy assets by industry participants and new opportunities created by industry expansion. A material decrease in such divestitures or in opportunities for economic commercial expansion would limit our opportunities for future growth projects or acquisitions and could adversely affect our operations and cash flows available to pay cash dividends to our stockholders. Growth projects may increase our concentration in a line of business or geographic region and acquisitions may significantly increase our size and diversify the geographic areas in which we operate. In addition, we may not achieve the desired effect from any future growth projects or acquisitions ~~. We may be unable to cause our joint ventures to take or not to take certain actions unless some or all of our joint venture participants agree~~ . We participate in several joint ventures whose corporate governance structures require at least a majority in interest vote to authorize many basic activities and require a greater voting interest (sometimes up to 100 %) to authorize more significant activities. Examples of these more significant activities include, among others, large expenditures or contractual commitments, the construction or acquisition of assets, borrowing money or otherwise raising capital, making distributions, transactions with affiliates of a joint venture participant, litigation and transactions not in the ordinary course of business. Without the concurrence of joint venture participants with enough voting interests, we may be unable to cause any of our joint ventures to take or not take certain actions, even though taking or preventing those actions may be in our best interests or the particular joint venture. In addition, subject to certain conditions, any joint venture owner may sell, transfer or otherwise modify its ownership interest in a joint venture, whether in a transaction involving third parties or the other joint owners. Any such transaction could result in our partnering with different or additional parties ~~. We may operate a portion of our business with one or more joint venture partners where we own a minority interest and / or are not the operator, which may restrict our operational and corporate flexibility. Actions taken by the other partner or third-party operator may materially impact our financial position and results of operations, and we may not realize the benefits we expect to realize from a joint venture~~ . As is common in the midstream industry, we may operate one or more of our properties with one or more joint venture partners where we own a minority interest and / or contract with a third party to control operations. These relationships could require us to share operational and other control, such that we may no longer have the flexibility to control completely the development of these properties. If we do not timely meet our financial commitments in such circumstances, our rights to participate may be adversely affected. If a joint venture partner is unable or fails to pay its portion of development costs or if a third- party operator does not operate in accordance with our expectations, our costs of operations could be increased. We could also incur liability as a result of actions taken by a joint venture partner or third- party operator. Disputes between us and the other party may result in litigation or arbitration that would increase our expenses, delay or terminate projects and distract our officers and directors from focusing their time and effort on our business. Effective internal controls are necessary for us to provide timely and reliable financial reports and effectively prevent fraud. If we cannot provide timely and reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We continue to enhance our internal controls and financial reporting capabilities. These enhancements require a significant commitment of resources, personnel and the development and maintenance of formalized internal reporting procedures to ensure the reliability of our financial reporting. Our efforts to update and maintain our internal controls may not be successful, and we may be unable to maintain adequate controls over our financial processes and reporting now or in the future, including future compliance with the obligations under Section 404 of the Sarbanes- Oxley Act of 2002. Any failure to maintain effective controls or difficulties encountered in the effective improvement of our internal controls could prevent us from timely and reliably reporting our financial results and may harm our operating results. Ineffective internal controls could also cause investors to lose confidence in our reported financial information. In addition, the Financial Accounting Standards Board or the SEC could enact new accounting standards that might impact how we are required to record revenues, expenses, assets and liabilities. Any significant change in accounting standards or disclosure requirements could have a material effect on our results of operations, financial condition and ability to comply with our debt obligations. Many of our customers may experience financial problems that could have a significant effect on their creditworthiness, especially in a depressed commodity price environment. A decline in natural gas, NGL and crude oil prices may adversely affect the business, financial condition, results of operations, creditworthiness, cash flows and prospects of some of our customers. Severe financial problems encountered by our customers could limit our ability to collect amounts owed to us, or to enforce performance of obligations under contractual arrangements. In addition, many of our customers finance their activities through cash flow from operations, the incurrence of debt or the issuance of equity. The combination of reduction of cash flow resulting from a decline in commodity prices, a reduction in borrowing bases under reserve- based credit facilities and the lack of availability of debt or equity financing may result in a significant reduction of our customers' liquidity and limit their ability to make payment or perform on their obligations to us. Additionally, a decline in the share price of some of our public customers may place them in danger of becoming delisted from a public securities exchange, limiting their access to the public capital markets and further restricting their liquidity. Furthermore, some of our customers may be highly leveraged and subject to their own operating and regulatory risks, which increases the risk that they may default on their obligations to us. To the extent one or more of our key customers is in financial distress or commences bankruptcy proceedings, contracts with these customers may be subject to renegotiation or rejection under applicable provisions of the United States Bankruptcy Code. Furthermore, some bankruptcy courts have found that, in certain cases **,** oil, gas and water gathering agreements do not create covenants running with the land under governing law and are thus subject to rejection in Chapter 11 proceedings. Whether a particular contract is subject to rejection depends on the wording of the contract, the governing law and the forum where a particular bankruptcy case is filed. Financial problems experienced by our customers could result in the impairment of our long- lived assets, reduction of our operating cash flows and may also reduce or curtail their future use of our products and services, which could reduce our revenues. Any material nonpayment or nonperformance by our key customers or our derivative counterparties could reduce our ability to pay cash dividends to our stockholders. The **rate of inflation in the** U. S. **began to increase significantly beginning in the second half of 2021. Although the rate of** inflation **has generally declined since the second half of 2022, the** rate ~~increased in 2021~~ **of inflation remains higher than historical averages** , ~~2022~~ and ~~into 2023. These~~ inflationary pressures **remain volatile and** have resulted in and may result in additional increases to the costs of our goods, services and personnel, which in turn cause our capital expenditures and operating costs to rise. Sustained levels of high inflation ~~have~~ likewise caused the U. S. Federal Reserve and other central banks to increase interest rates multiple times in 2022 **and 2023** . ~~The~~ **Although it is currently anticipated that the** U. S. Federal Reserve **will make cuts** ~~has raised and may continue~~ to ~~raise~~ benchmark interest rates in ~~2023~~ **2024** ~~in~~ **, such cuts may not occur** ~~an~~ **and any continued increase in benchmark interest rates** ~~effort to curb inflationary pressure on the costs of goods and services across the U. S., which~~ could have the ~~effects~~ **effect** of raising the cost of capital and depressing economic growth, either of which ~~—~~ **(** or the combination thereof ~~—~~ **)** could negatively impact the financial and operating results of our business. To the extent elevated inflation remains, we may experience further cost increases for our operations, including services, labor costs and equipment if our operating activity increases. Higher oil and natural gas prices may cause the costs of materials and services to continue to rise. We cannot predict any future trends in the rate of inflation **, or any resultant changes in monetary policy,** and a significant increase in inflation, to the extent we are unable to recover higher costs through higher prices and revenues, **and / or higher interest rates** would negatively impact our business, financial condition and results of operations. We evaluate long-lived assets, including related intangibles, for impairment when events or changes in circumstances indicate, in management ~~'~~ **'** s judgment, that the carrying value of such assets may not be recoverable. Asset recoverability is measured by comparing the carrying value of the asset or asset group with its expected future pre- tax undiscounted cash flows. These cash flow estimates require us to make projections and assumptions for many years into the future for pricing, demand, competition, operating cost and other factors. Global oil and natural gas commodity prices, particularly crude oil, remain volatile. Decreases in commodity prices have previously had, and could continue to have, a negative impact on the demand for our services and our market capitalization. Should energy industry conditions deteriorate, there is a possibility that long- lived assets may be impaired in a future period. For example, in the fourth quarter of 2021, we recorded a non- cash pre- tax impairment of $ 452. 3 million primarily associated with the partial impairment of gas processing facilities and gathering systems associated with our Central operations in our Gathering and Processing segment. Any additional impairment charges that we may take in the future could be material to our financial statements. We cannot accurately predict the amount and timing of any impairment of long- lived assets. For further discussion of our impairments of long- lived assets, see Note 5 — Property, Plant and Equipment and Intangible Assets of the " Consolidated Financial Statements " included in this Annual Report. We have entered into derivative transactions related to only a portion of our equity volumes, future commodity purchases and sales, and transportation basis risk. As a result, we will continue to have direct commodity price risk to the unhedged portion. Our actual future volumes may be significantly higher or lower than we estimated at the time we entered into the derivative transactions for that period. If the actual amount is higher than we estimated, we will have greater commodity price risk than we intended. If the actual amount is lower than the amount that is subject to our derivative financial instruments, we might be forced to satisfy all or a portion of our derivative transactions without the benefit of the cash flow from our sale of the underlying physical commodity. The percentages of our expected equity volumes that are covered by our hedges decrease over time. To the extent we hedge our commodity price risk, we may forego the benefits we would otherwise experience if commodity prices were to change in our favor. The derivative instruments we utilize for these hedges are based on posted market prices, which may be higher or lower than the actual natural gas, NGL and condensate prices that we realize in our operations. These pricing differentials may be substantial and could materially impact the prices we ultimately realize. Market and economic conditions may adversely affect our hedge counterparties' ability to meet their obligations. Given volatility in the financial and commodity markets, we may experience defaults by our hedge counterparties. In addition, our exchange traded futures are subject to margin requirements, which creates variability in our cash flows as commodity prices fluctuate. As a result of these and other factors, our hedging activities may not be as effective as we intend in reducing the variability of our cash flows, and in certain circumstances may actually increase the variability of our cash flows. See " Item 7A. Quantitative and Qualitative Disclosures About Market Risk. " We may not be successful in balancing our purchases and sales of the commodities we handle. In addition, a producer could fail to deliver promised volumes to us or deliver in excess of contracted volumes, or a purchaser could purchase less than contracted volumes. Any of these actions could cause an imbalance between our purchases and sales. If our purchases and sales are not balanced, we will face increased exposure to commodity price risks and could have increased volatility in our operating income. The determination of the amounts of cash dividends, if any, to be declared and paid will depend upon our financial condition, results of operations, cash flow, the level of our capital expenditures, future business prospects and any other matters that our board of directors, in consultation with management, deems relevant. Many of these matters are affected by factors beyond our control and therefore, the actual amount of cash that is available for dividends to our stockholders may vary from anticipated amounts. Additionally, as events present themselves or become reasonably foreseeable, our board of directors, which determines our business strategy and our dividends, may decide to address those matters by utilizing capital that may otherwise be used for our dividend. For example, in March 2020, our board of directors approved a reduction in our quarterly cash dividend to $ 0. 10 per share for the quarter ended March 31, 2020 and maintained such dividend amount through the quarter ended September 30, 2021. Our board of directors may also determine that an increase in our dividend is appropriate. **For example, for the first quarter of 2024, management intends to recommend to our board of directors an increase to the Company' s common dividend to $ 0. 75 per common share or $ 3. 00 per common share annualized. The recommended common dividend per share increase, if approved, would be effective for the first quarter of 2024 and payable in May 2024.** If we issue additional shares of common or preferred stock or we incur debt, the payment of dividends on those additional shares or interest on that debt could increase the risk that we will be unable to maintain or increase our cash dividend levels. **Further,** ~~Dividends~~ **dividends** to our common stockholders are not cumulative. Consequently, if dividends on our shares of common stock are not paid with respect to any fiscal quarter, our stockholders will not be entitled to receive that quarter' s payments in the future. As of December 31, ~~2022~~ **2023** , we have U. S. federal NOL carryforwards of $ ~~6~~ **5** . ~~8~~ **5** billion, ~~some~~ **$ 857. 4 million** of which **will** expire **in** ~~between 2036 to~~ 2037 while others have no expiration date. Subject to the CAMT discussed below, we expect to be able to utilize these NOL carryforwards and generate deductions to offset all or a portion of our future taxable income. This expectation is based upon assumptions we have made regarding, among other things, our income, capital expenditures and net working capital, and the current expectation that our NOL carryforwards will not become subject to future limitations under Section 382 of the Internal Revenue Code of 1986, as amended (" Section 382 "). Section 382 generally imposes an annual limitation on the amount of NOLs that may be used to offset taxable income when a corporation has undergone an " ownership change " (as determined under Section 382). An ownership change generally occurs if one or more stockholders (or groups of stockholders) who are each deemed to own at least 5 % of our stock change their ownership by more than 50 percentage points over their lowest ownership percentage within a rolling three- year period. In the event that an ownership change ~~were~~ **was** to occur, utilization of our NOLs carryforwards would be subject to an annual limitation under Section 382, determined by multiplying the value of our stock at the time of the ownership change by the applicable long- term tax- exempt rate as defined in Section 382, subject to certain adjustments. While we expect to be able to utilize our NOL carryforwards and generate deductions to offset all or a portion of our future taxable income (subject to the CAMT discussed below), in the event that deductions are not generated as expected, one or more of our tax positions are successfully challenged by the IRS (in a tax audit or otherwise) or our NOL carryforwards are subject to future limitations under Section 382, our future tax liability may be greater than expected. U. S. federal and state legislation is periodically proposed that would, if enacted into law, make significant changes to tax laws and could materially increase our tax obligations, adversely affecting our financial condition, results of operations and cash flows. For example, on August 16, 2022, President Biden signed into law the IRA which includes, among other things, the CAMT. Under the CAMT, a 15 % minimum tax will be imposed on certain financial statement income of " applicable corporations. " The IRA treats a corporation as an applicable corporation in any taxable year in which the " average annual adjusted financial statement income " of such corporation for the three taxable year period ending prior to such taxable year exceeds $ 1 billion. Based on our current interpretation of the IRA, the CAMT and related guidance and a number of operational, economic, accounting and regulatory assumptions, we do not anticipate being an applicable corporation in the near term, but we are likely to become an applicable corporation in a subsequent tax year. If we become an applicable corporation and our CAMT liability is greater than our regular U. S. federal income tax liability for any particular tax year, the CAMT liability would effectively accelerate our future U. S. federal income tax obligations, reducing our cash available for distribution in that year, but provide an offsetting credit against our regular U. S. federal income tax liability for a future year. As a result, our current expectation is that the impact of the CAMT is limited to timing differences in future tax years. The foregoing analysis is based upon our current interpretation of the provisions contained in the IRA, the CAMT and related guidance. In the future the U. S. Department of the Treasury and the **IRS** ~~Internal Revenue Service~~ are expected to release regulations and additional interpretive guidance relating to such legislation, and any significant variance from our current interpretation could result in a change in our analysis of the application of the CAMT to us. The Dodd- Frank Wall Street Reform and Consumer Protection Act (the" Dodd- Frank Act"), enacted in July 2010, established federal oversight and regulation of the over- the- counter derivatives market and entities, such as us, that participate in that market. The Dodd- Frank Act required the CFTC and the SEC to promulgate rules and regulations implementing the Dodd- Frank Act, and most of these regulations have been finalized. In October 2020, the CFTC adopted new rules that will place limits on positions in certain core futures and equivalent swaps contracts for or linked to certain physical commodities, subject to exceptions for certain bona fide hedging transactions. The new rules **required** ~~became effective in December 2020 but have a~~ general compliance **by** ~~date of~~ January 1, 2022 for covered future positions and **by** January 1, 2023 for covered swaps positions. We have not experienced a material impediment to, and do not expect these regulations to materially impede, our hedging activity at this time. The CFTC has designated certain interest rate swaps and credit default swaps for mandatory clearing and the associated rules also will require us, in connection with covered derivative activities, to comply with clearing and trade- execution requirements or take steps to qualify for an exemption to such requirements. Although we qualify for the end- user exception from the mandatory clearing requirements for swaps entered to hedge our commercial risks, the application of the mandatory clearing and trade execution requirements to other market participants, such as swap dealers, may change the cost and availability of the swaps that we use for hedging. The CFTC and the federal banking regulators have adopted regulations requiring certain counterparties to swaps to post initial and variation margin. However, our current hedging activities would qualify for the non- financial end user exemption from the margin requirements. The Dodd- Frank Act and any new regulations could increase the cost of derivative contracts or potentially reduce the availability of derivatives to protect against risks we encounter. If we reduce our use of derivatives as a result of the Dodd- Frank Act and regulations implementing the Dodd- Frank Act, our results of operations may become more volatile and our cash flows may be less predictable, which could adversely affect our ability to plan for and fund capital expenditures. Any of these consequences could have a material adverse effect on us, our financial condition and our results of operations. The European Union (the " EU ") and other non- U. S. jurisdictions are also implementing regulations with respect to the derivatives market. To the extent we enter into swaps with counterparties in foreign jurisdictions or counterparties with other businesses that subject them to regulation in foreign jurisdictions, we may be impacted by such regulations. The implementing regulations adopted by the EU and by other non- U. S. jurisdictions could have a material adverse effect on us, our financial condition and our results of operations. We or our stockholders may sell shares of common stock in subsequent public offerings. We may also issue additional shares of common stock or convertible securities. As of December 31, ~~2022~~ **2023** , we had ~~226~~ **222** , ~~042~~ **611** , ~~229~~ **259** outstanding shares of common stock. We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of shares of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices of our common stock. Our amended and restated certificate of incorporation authorizes our board of directors to issue preferred stock without stockholder approval. If our board of directors elects to issue preferred stock, it could be more difficult for a third party to acquire us. In addition, some provisions of our amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our stockholders, including provisions which require: • a classified board of directors, so that only approximately one- third of our directors are elected each year; • limitations on the removal of directors; and • limitations on the ability of our stockholders to call special meetings and establish advance notice provisions for stockholder proposals and nominations for elections to the board of directors to be acted upon at meetings of stockholders. Delaware law prohibits us from engaging in any business combination with any " interested stockholder, " meaning generally that a stockholder who beneficially owns more than 15 % of our stock cannot acquire us for a period of three years from the date this person became an interested stockholder, unless various conditions are met, such as approval of the transaction by our board of directors. Our amended and restated certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations and powers, preferences, including preferences over our common stock respecting dividends and distributions, rights, qualifications, limitations and restrictions as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. For example, we might grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred stock could affect the residual value of our common stock. Risks Related to Our Indebtedness We have significant exposure to increases in interest rates. As of December 31, ~~2022~~ **2023** , our total indebtedness was $ ~~11~~ **13** , ~~610~~ **074** . ~~4~~ **2** million, excluding $ ~~8~~ **29** . ~~4~~ **5** million of unamortized discounts and $ ~~65~~ **90** . ~~6~~ **8** million of debt issuance costs, of which $ ~~7~~ **11** , ~~784~~ **534** . 4 million was at fixed interest rates, $ ~~3~~ **1** , ~~598~~ **250** . ~~7~~ **0** million was at variable interest rates and $ ~~227~~ **289** . ~~3~~ **8** million consisted of finance lease liabilities. A hypothetical change of 100 basis points in the rate of our variable interest rate debt would impact our consolidated annual interest expense by $ ~~36~~ **12** . ~~0~~ **5** million based on our December 31, ~~2022~~ **2023** debt balances. We additionally had $ ~~1~~ **2** . ~~4~~ **6** billion of additional borrowing capacity available under the TRGP Revolver after accounting for $ ~~33~~ **22** . ~~2~~ **3** million of letters of credit, under which borrowing is exposed to such increases in variable interest rates. As a result of our variable interest debt, our results of operations could be adversely affected by increases in interest rates, due to associated Federal Reserve policies or otherwise. Additionally, like all equity investments, an investment in our equity securities is subject to certain risks. In exchange for accepting these risks, investors may expect to receive a higher rate of return than would otherwise be obtainable from lower- risk investments. Accordingly, as interest rates rise, the ability of investors to obtain higher risk- adjusted rates of return by purchasing government- backed debt securities may cause a corresponding decline in demand for riskier investments generally, including yield- based equity investments. Reduced demand for our common stock resulting from investors seeking other more favorable investment opportunities may cause the trading price of our common stock to decline. We have a substantial amount of indebtedness. As of December 31, ~~2022~~ **2023** , we had $ ~~2~~ **6** . ~~8~~ **5** billion outstanding TRGP senior unsecured notes, excluding $ ~~8~~ **29** . ~~4~~ **5** million of unamortized discounts and $ 5. 0 billion outstanding of the Partnership' s senior unsecured notes. We also had $ ~~800~~ **575** . 0 million outstanding under the Securitization Facility. In addition, we had ~~(i)~~ $ ~~1~~ **500** . ~~5~~ **0** ~~billion~~ **million** of ~~borrowing~~ **borrowings** outstanding under the Term Loan Facility, **no** ~~and (ii) $ 290. 0 million of~~ borrowings outstanding under the TRGP Revolver, $ ~~33~~ **22** . ~~2~~ **3** million of letters of credit outstanding, $ **175** ~~1, 008~~ . ~~7~~ **0** million of borrowings outstanding under the Commercial Paper Program and $ ~~1~~ **2** . ~~4~~ **6** billion of additional borrowing capacity available under the TRGP Revolver. For the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , our consolidated interest expense, net was $ **687. 8 million, $** 446. 1 million ~~,~~ **and** $ 387. 9 million **, respectively** ~~and $ 391. 3 million~~ . Our substantial level of indebtedness increases the possibility that we may be unable to generate cash sufficient to pay, when due, the principal of, interest on or other amounts due in respect of indebtedness. This substantial indebtedness, combined with lease and other financial obligations and contractual commitments, could have other important consequences to us, including the following: • our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms; • satisfying our obligations with respect to indebtedness may be more difficult and any failure to comply with the obligations of any debt instruments could result in an event of default under the agreements governing such indebtedness; • we will need a portion of cash flow to make interest payments on debt, reducing the funds that would otherwise be available for operations and future business opportunities; • our debt level may influence how counterparties view our creditworthiness, which could limit our ability to enter into commercial transactions at favorable rates or require us to post additional collateral in commercial transactions; • our debt level will make us more vulnerable to competitive pressures or a downturn in our business or the economy generally; and • our debt level may limit flexibility in planning for, or responding to, changing business and economic conditions. Our long- term unsecured debt is currently rated by Fitch, Moody' s and S & P. As of December 31, ~~2022~~ **2023** , Targa' s senior unsecured debt was rated " BBB- " by Fitch, " Baa3 " by Moody' s and " BBB- " by S & P. **In February 2024, S & P upgraded Targa' s rating to " BBB ".** Any future downgrades in our credit ratings could negatively impact our cost of raising capital, and a downgrade could also adversely affect our ability to effectively execute aspects of our strategy and to access capital in the public markets. Our International Swaps and Derivatives Association **agreements** (" ~~ISDA~~ **ISDAs** ") ~~agreements~~ contain credit- risk related contingent features. Following the release of the collateral securing our TRGP Revolver **in 2022** as a result of our **investment grade** credit rating, our derivative positions are no longer secured. As of December 31, ~~2022~~ **2023** , we have outstanding net derivative positions that contain credit- risk related contingent features that are in a net liability position of $ ~~266~~ **9** . ~~7~~ **9** million. If our credit rating is downgraded below investment grade by both Moody' s and S & P, as defined in our ISDAs, we estimate that as of December 31, ~~2022~~ **2023** , we would **not** be required to post ~~$ 31. 4 million of~~ collateral to ~~certain~~ **any** counterparties per the terms of our ISDAs. Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing or delaying business activities, investments or capital expenditures, acquisitions, selling assets, restructuring or refinancing debt, or seeking additional equity capital, and such results may adversely affect our ability to make cash dividends. We may not be able to affect any of these actions on satisfactory terms, or at all. We may be able to incur substantial additional indebtedness in the future. The TRGP Revolver provides an available commitment of $ 2. 75 billion and allows us to request increases in commitments up to an additional $ 500. 0 million. Although our debt agreements contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and any indebtedness incurred in compliance with these restrictions could be substantial. If we incur additional debt, this could increase the risks associated with compliance with our financial covenants. The agreements governing our outstanding indebtedness contain, and any future indebtedness we incur will likely contain, a number of restrictive covenants that impose significant operating and financial restrictions, including restrictions on our ability to engage in acts that may be in our best long- term interests. These agreements **include or likely will** include covenants that, among other things, restrict our ability to: • incur or guarantee additional indebtedness or issue additional preferred stock; • pay dividends on our equity securities or to our equity holders or redeem, repurchase or retire our equity securities or subordinated indebtedness; • make investments and certain acquisitions; • sell or transfer assets, including equity securities of our subsidiaries; • engage in affiliate transactions; • consolidate or merge; • incur liens; • prepay, redeem and repurchase certain debt, subject to certain exceptions; • enter into sale and lease- back transactions or take- or- pay contracts; and • change business activities conducted by us. In addition, certain of our debt agreements require us to satisfy and maintain specified financial ratios and other financial condition tests. Our ability to meet those financial ratios and tests can be affected by events beyond our control, and we cannot assure you that we will meet those ratios and tests. A breach of any of these covenants could result in an event of default under our debt agreements. Upon the occurrence of such an event of default, all amounts outstanding under the applicable debt agreements could be declared to be immediately due and payable and all applicable commitments to extend further credit could be terminated. If we are unable to repay the accelerated debt under the Securitization Facility, the lenders under the Securitization Facility could proceed against the collateral granted to them to secure the indebtedness. We have pledged the accounts receivables of Targa Receivables LLC under the Securitization Facility. If the indebtedness under our debt agreements is accelerated, we cannot assure you that we will have sufficient assets to repay the indebtedness. The operating and financial restrictions and covenants in these debt agreements and any future financing agreements may adversely affect our ability to finance future operations or capital needs or to engage in other business activities. **Our and our customers' operations are subject to a number of risks arising out of the threat of climate change, including increasingly stringent regulations for methane and other emissions from the oil and gas sector, that could result in increased operating costs, limit the areas in which oil and natural gas production may occur, reduce demand for the products and services we provide, and reduce our or our customers' ability to access capital.** The threat of climate change continues to attract considerable attention in the United States and in foreign countries. ~~As a result, numerous~~ **Numerous** proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit emissions of GHGs. As a result, our operations as well as the operations of our oil and natural gas exploration and production customers, are subject to a series of regulatory, political, litigation, and financial risks associated with the production and processing of fossil fuels and emission of GHGs. In the United States, no comprehensive climate change legislation has been implemented at the federal level, though ~~recent~~ laws such as the IRA advance numerous climate- related objectives. However, because the U. S. Supreme Court has held that GHG emissions constitute a pollutant under the CAA, the EPA has adopted rules that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources, implement New Source Performance Standards directing the reduction of methane from certain new, modified, or reconstructed facilities in the oil and natural gas sector, and together with the DOT, implement GHG emissions limits on vehicles manufactured for operation in the United States. Additionally, in August 2022, the IRA was signed into law, which appropriates significant federal funding for renewable energy initiatives and amends the federal Clean Air Act to impose a first- time fee on the emission of methane from sources required to report their GHG emissions to the EPA, including those sources in the onshore petroleum and natural gas production and gathering and boosting source categories. The methane emissions ~~charge~~ **fee** would start in calendar year 2024 at $ 900 per ton of methane, increase to $ 1, 200 in 2025, and be set at $ 1, 500 for 2026 and each year after. Calculation of the fee is based on certain thresholds established in the IRA. **In order to support implementation of the methane emissions fee, including exemptions from the same, the EPA proposed revisions to its Greenhouse Gas Reporting Rule in late July 2023, which, per the Unified Regulatory Agenda, is expected to be finalized in 2024. The revisions would amend requirements applicable to the petroleum and natural gas systems source category to ensure reporting is based on empirical data and accurately reflects total methane and waste emissions.** The methane emissions fee and renewable and low carbon energy funding provisions of the law could increase our and our customers' operating costs and accelerate the transition away from fossil fuels, which could in turn reduce demand for our products and services and adversely affect our business and results of operations. In recent years, there has been considerable ~~uncertainty surrounding~~ **focus on the** regulation of methane emissions **from the oil and gas sector**. In response to President Biden ~~'~~ **'** s executive order calling on the EPA to revisit federal regulations regarding methane ~~in November 2021~~, the EPA ~~issued a proposed rule that, if~~ finalized ~~, would make the existing regulations in Subpart OOOOa~~ more stringent **methane rules** ~~and establish Subpart OOOOb to expand emissions reduction requirements~~ for new, modified **,** and reconstructed ~~oil and~~ **facilities, known** ~~gas~~ - **as** ~~sources, including certain source types not previously regulated under Subpart OOOOa~~ **OOOOb** ~~. In addition~~, **as well as standards for** ~~the proposed rule would create a new Subpart OOOOc which would require states to develop plans to reduce methane and volatile organic compound emissions from~~ existing sources **known** ~~that must be at least~~ as ~~effective as~~ **OOOOc, in December 2023. Under the final rules, states have two years to prepare and submit their plans to impose methane emission controls on existing sources. The** presumptive standards ~~set by~~ **established under** the **final** ~~EPA. This proposed~~ rule **are generally the same** ~~would apply to upstream and midstream facilities at oil and natural gas well sites, natural gas gathering and boosting compressor stations, natural gas processing plants, and transmission and storage facilities. Owners or~~ **for both new and existing sources and** ~~operators of affected emission units or processes would have to comply with specific standards of performance that may~~ include **enhanced** leak detection **survey requirements** using optical gas imaging and ~~subsequent repair requirements~~ **other advanced monitoring to encourage the deployment of innovative technologies to detect and reduce methane emissions**, reduction of emissions by 95 % through capture and control systems, zero- emission requirements ~~, operations and maintenance requirements, and so- called green well completion requirements. In November 2022, the EPA published a supplemental methane proposal, which, among other items, sets forth specific revisions strengthening the first nationwide emission guidelines~~ for **certain devices** ~~states to limit methane emissions from existing crude oil and natural gas facilities. The proposal also revises requirements for fugitive emissions monitoring and repair as well as equipment leaks and the frequency of monitoring surveys~~, **and the** ~~establishes~~ **establishment of** a " super ~~-~~ emitter " response program **that would allow third parties** to ~~timely mitigate~~ **make reports to EPA of large methane** ~~emissions~~ - **emission** events, **triggering certain investigation** and ~~provides additional options~~ **repair requirements. Fines and penalties** for **violations of** ~~the~~ **these rules can** ~~use of advanced monitoring to encourage the deployment of innovative technologies to detect and reduce methane emissions. The proposal is currently subject to public comment and is expected to~~ be **substantial. It** ~~finalized in 2023; however, it~~ is likely **, however,** that ~~these~~ - **the final rule and its** requirements will be subject to legal challenges. ~~While~~ **Moreover, compliance with the new rules may effect the amount** we ~~cannot predict~~ **owe under** the **IRA' s methane fee described above because compliance with EPA' s methane rules would exempt an otherwise covered facility from the requirement to pay the methane fee. The requirements of the EPA' s** final **methane rules** ~~scope or compliance costs of these proposed regulatory requirements, any such requirements~~ have the potential to increase our operating costs and thus may adversely affect our financial results and cash flows **. Moreover, failure to comply with these CAA requirements can result in the imposition of substantial fines and penalties as well as costly injunctive relief**. Various states and groups of states have also adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on areas of coverage similar to what the federal government has or may consider, including GHG cap and trade programs, carbon taxes, reporting and tracking programs, and restriction of emissions. At the international level, there exists the United Nations- sponsored " Paris Agreement, " which is ~~a~~ **an agreement for nations to submit** non- binding **targets** ~~agreement for nations~~ to limit their GHG emissions through individually- determined reduction goals every five years after 2020. President Biden announced in April 2021 a new, more rigorous nationally determined emissions reduction level of 50- 52 % reduction from 2005 levels in economy- wide net GHG emissions by 2030. **In** ~~Moreover, the international community gathered again in Glasgow in~~ November 2021 at the 26th Conference of the Parties (" COP26 "), ~~during which the multiple announcements were made, including a call for parties to eliminate certain fossil fuel subsidies and pursue further action on non- CO_2 GHGs. Relatedly, at COP26,~~ the United States and ~~European Union~~ **the EU** jointly announced the launch of a Global Methane Pledge, an initiative which over 100 countries joined, committing to a collective goal of reducing global methane emissions by at least 30 percent from 2020 levels by 2030, including " all feasible reductions " in the energy sector. At COP27 in Sharm El- Sheik in November 2022, countries reiterated the agreements from COP26 and were called upon to accelerate efforts toward the phase out of inefficient fossil fuel subsidies. The ~~US~~ **U. S.** also announced, in conjunction with the **EU** ~~European Union~~ and other partner countries, that it would develop standards for monitoring and reporting methane emissions to help create a market for low methane- intensity natural gas. ~~Although no~~ **At COP28 in December 2023, parties agreed to transition away** ~~firm~~ - **from** ~~commitment or timeline to phase out or phase down all~~ fossil fuels **in energy systems and increase renewable energy capacity, although no timeline for doing so** was **set** ~~made at COP27, there can be no guarantees that countries will not seek to implement such a phase out in the future~~. The impacts of these actions, orders, pledges, **and** agreements **,** and any legislation or regulation promulgated to fulfill the United States' commitments under the Paris Agreement, COP26, COP27 **, COP28**, or other international conventions cannot be predicted at this time **,** and it is unclear what additional initiatives may be adopted or implemented that may have adverse effects on our operations **. Additionally, such agreements could result in increased pressure among financial institutions and various stakeholders to reduce or otherwise impose more stringent limitations on funding for, and increased potential opposition to, the production and use of fossil fuels**. Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political risks in the United States, that may limit hydraulic fracturing of oil and natural gas wells, restrict flaring and venting during natural gas production on federal properties, and ban or restrict new or existing leases for production of minerals on federal properties. President Biden has issued several executive orders and strategies focused on addressing climate change, including items that may impact costs to produce, or demand for, oil and gas. Other actions relating to oil and natural gas production activities that could be pursued by the Biden Administration may include more restrictive requirements for the establishment of oil and natural gas pipeline infrastructure or the permitting of liquefied natural gas export facilities. For example, **on January 26, 2024, President Biden announced a temporary pause on pending decisions on new exports of liquified natural gas to countries that the United States does not have free trade agreements with, pending Department of Energy review of the underlying analyses for authorizations. The pause is intended to provide time to integrate certain considerations, including potential energy cost increases for consumers and manufacturers and the latest assessment of the impact of GHG emissions, to ensure adequate guards against health risks are in place. With respect to oil and gas activities,** in November 2022 **,** the BLM proposed a rule that would limit flaring from well sites on federal lands, as well as allow the delay or denial of permits if BLM finds that an operator' s methane waste minimization plan is insufficient. The **rule is expected to be finalized in early 2024. The** Biden Administration has also called for revisions and restrictions to the leasing and permitting programs for oil and gas development on federal lands and, for a time, suspended federal oil and gas leasing activities. The U. S. Department of the Interior' s comprehensive review of the federal leasing program resulted in a reduction in the volume of onshore land held for lease and an increased royalty rate. Any regulatory changes that restrict or require modifications to our or our suppliers' existing operations or future expansions plans could reduce the demand for the products and services we provide, increase our operating costs and may have a negative impact on our financial condition. Litigation risks are also increasing, as a number of cities, local governments, and other plaintiffs have sought to bring suit against the largest oil and natural gas ~~exploration and production~~ companies in state or federal court, alleging, among other things, that such companies created public nuisances by producing fuels that contributed to global warming effects, such as rising sea levels, and therefore are responsible for roadway and infrastructure damages as a result, or alleging that the companies have been aware of the adverse effects of climate change for some time but defrauded their investors **or consumers** by failing to adequately disclose those impacts **. Increasingly, companies in the energy and infrastructure industries are being, and may increasingly be, subject to allegations that they are responsible for climate change impacts and / or responsible for the physical impacts of climate change** . Should we be targeted by any similar litigation, involvement in such a case could have adverse financial and reputational impacts and an unfavorable ruling could significantly impact our operations and adversely impact our financial condition. Additionally, our access to capital may be impacted by climate change policies. Stockholders and bondholders currently invested in fossil fuel energy companies but concerned about the potential effects of climate change may elect in the future to shift some or all of their investments into non- fossil fuel energy related sectors. Institutional investors who provide financing to fossil fuel energy companies have also become more attentive to sustainability lending practices that favor " clean " power sources such as wind and solar photovoltaic, making those sources more attractive, and some of them may elect not to provide funding for fossil fuel energy companies. Many of the largest U. S. banks have made " net zero " carbon emission commitments and have announced that they will be assessing financed emissions across their portfolios and taking steps to quantify and reduce those emissions. These and other developments in the financial sector could lead to some lenders restricting access to capital for or divesting from certain industries or companies, including the oil and natural gas sector, or requiring that borrowers take additional steps to reduce their GHG emissions. Additionally, there is the possibility that financial institutions will be required to adopt policies that limit funding to the fossil fuel sector. **Various** ~~In late 2020, the Federal Reserve announced that it had joined the Network for Greening the Financial System (NGFS), a consortium of~~ financial regulators ~~focused on addressing~~ **have adopted, or are considering adopting, guidance or requirements regarding the management of** climate- related ~~risks~~ - **risk by** ~~in the~~ financial **institutions** ~~sector and, in September 2022, the Federal Reserve announced that six of the U. S.' largest banks will participate in a pilot climate scenario analysis exercise to enhance the ability of firms and supervisors to measure and mange climate- related financial risk. The Federal Reserve released its pilot exercise in January 2023 which is designed to analyze the impact of both physical and transition risks related to climate change on specific assets of the banks' portfolios~~ . While we cannot predict ~~what policies may result from~~ **how financial institutions will respond to** these ~~developments~~ **various actions** , a material reduction in the capital available to the fossil fuel industry could make it more difficult to secure funding for exploration, development, production, transportation, and processing activities, which could impact our and our suppliers' and customers' businesses and operations. In addition, in March 2022, the SEC released a proposed rule that would establish a framework for the reporting of climate risks, targets, and metrics. ~~A final~~ **Recently, the State of California adopted several laws that require similar, or in some situations more extensive, disclosure. While implementing rules on certain of these laws are outstanding, both the California laws and the SEC** rule ~~is anticipated to be released by Q2 2023. Although the final form and substance of this rule and its requirements are not yet known and its ultimate impact on our business is uncertain~~ , **to** the **extent** ~~proposed rule, if finalized,~~ may result in increased legal, accounting and financial compliance costs for us and our suppliers and customers ~~related~~ to **comply, including** the **implementation** ~~assessment and disclosure~~ of ~~climate- related risks~~ **significant additional internal controls processes and procedures regarding matters that have not been subject to such controls in the past, and impose increased oversight obligations on our management and board of directors** . We may also face increased litigation risks related to disclosures made pursuant to ~~the~~ **these requirements** ~~rule if finalized as proposed~~ . In addition, enhanced climate disclosure requirements could accelerate the trend of certain stakeholders and lenders in restricting or seeking more stringent conditions with respect to their investments in our customers in the energy industry and companies like ours that support the energy industry ~~. Separately, the SEC has also announced that it is scrutinizing existing climate- change related disclosures in public filings, increasing the potential for enforcement if the SEC were to allege an issuer' s existing climate disclosures~~

~~misleading or deficient~~. The adoption and implementation of any international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent standards for GHG emissions from the oil and natural gas sector or otherwise restrict the areas in which this sector may produce oil and natural gas or generate GHG emissions could result in increased costs of compliance or costs of consuming, and thereby reduce demand for oil and natural gas, which could reduce demand for our services and products. Additionally, political, litigation, and financial risks may result in our oil and natural gas customers restricting or cancelling production activities, incurring liability for infrastructure damages as a result of climatic changes, or impairing their ability to continue to operate in an economic manner, which also could reduce demand for our services and products. One or more of these developments could have a material adverse effect on our business, financial condition and results of operation. ~~Finally, increasing~~ **Increasing** concentrations of GHGs in the Earth' s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods, rising sea levels and other extreme ~~climatic~~ **weather** events, as well as chronic shifts in temperature and precipitation patterns. ~~These climatic~~ **For further discussion, please see Weather events may damage our pipelines and other facilities, limit our ability or increase the costs to operate our business and adversely impact our customers on whom we rely on for throughput as well as third party vendors from whom we receive goods, which** developments **could** ~~have the potential to~~ cause **us** ~~physical damage~~ to **incur significant costs** ~~our assets and those of our suppliers and customers and thus could have an~~ **and** adverse **adversely** ~~effect~~ **affect** ~~on~~ our **business, results of** operations and ~~supply chain, including resulting in changes to costs associated with maintaining or insuring our assets. Additionally, changing meteorological conditions, particularly temperature, may result in changes to the amount, timing, or location of demand for energy or the products our customers produce. While our consideration of changing weather conditions and inclusion of safety factors in design is intended to reduce the uncertainties that climate change and other events may potentially introduce, our ability to mitigate the adverse impacts of these events depends in part on the effectiveness of our facilities and our disaster preparedness and response and business continuity planning, which may not have considered or be prepared for every eventuality. If any such effects of climate changes were to occur, they could have an adverse effect on our~~ financial condition ~~and results~~ **. Companies across industries are facing increasing scrutiny from a variety** of ~~operations and~~ **stakeholders related to** ~~the~~ **their sustainability practices** ~~financial condition and operations of our customers~~. Increasing ~~attention to climate change, increasing~~ societal expectations **regarding sustainability initiatives and disclosures** ~~on companies to address climate change,~~ and potential consumer use of substitutes to energy commodities may result in increased costs, reduced demand for our customers' products and our services, reduced profits, increased investigations and litigation, and negative impacts on our stock price and access to capital markets. Increasing attention to climate change, for example, may result in demand shifts for our or our customers' hydrocarbon products and additional governmental investigations and private litigation against us or those customers. As part of our ongoing effort to enhance our ~~ESG~~ **sustainability** practices, our Board of Directors has established a Sustainability Committee. Committee members oversee management' s implementation of ~~ESG~~ **sustainability** policies and provide insight to the Board on the effectiveness of integrating sustainability into our various business activities. We have also appointed a senior vice president of sustainability, who reports directly to our CEO and also regularly provides reports on relevant ~~ESG~~ **sustainability** matters to our Board of Directors. We also published our ~~2021~~ **2022** Sustainability Report, which provides updates on our performance related to certain ~~ESG~~ **sustainability** topics and sets certain ~~ESG~~ **sustainability** goals, such as reductions in methane intensity in line with the ONE Future goals. While we may elect to seek out various additional voluntary ~~ESG~~ **sustainability** targets now or in the future, such targets are aspirational. Moreover, despite our governance oversight in place, **many of our sustainability targets and goals are ambitious, and** we may not be able to adequately identify ~~ESG~~ **sustainability** - related risks and opportunities and, further, may not be able to meet ~~ESG~~ **our sustainability** targets **and goals** in the manner or on such a timeline as initially contemplated, or at all, including as a result of unforeseen costs or technical difficulties associated with achieving such results. Moreover, ~~ESG~~ **even if we are to achieve our targets and goals or complete other sustainability initiatives, there is no guarantee that doing so will have the desired effect. Sustainability** - related actions or statements that we may make or take are sometimes based on expectations, assumptions, or third- party information that we currently believe to be reasonable, but which may subsequently be determined to be erroneous or be subject to misinterpretation. **For example, methodologies regarding the monitoring and calculation of climate risks and GHG emissions are evolving, and it is possible that stakeholders, either currently or at some point in future, may not agree with our approach.** Moreover, to the extent we elected to pursue such targets and were able to achieve the desired target levels, such achievement may have been accomplished as a result of entering into various contractual arrangements, including the purchase of various credits or offsets that may be deemed to mitigate our ~~ESG~~ **sustainability** impact instead of actual changes in our ~~ESG~~ **sustainability** performance. However, we cannot guarantee that there will be sufficient offsets for purchase or that, notwithstanding our reliance on any reputable third party registries, that the offsets we do purchase will successfully achieve the emissions reductions they represent. Notwithstanding our election to pursue aspirational targets now or in the future, we may receive pressure from investors, lenders or other groups to adopt more aggressive climate or other ~~ESG~~ **sustainability** - related goals, but we cannot guarantee that we will be able to implement such goals because of potential costs or technical or operational obstacles **. If we fail to, or are perceived to fail to, comply with or advance certain sustainability initiatives (including the timeline and manner in which we complete such initiatives), we may be subject to various adverse impacts, including reputational damage and potential stakeholder engagement and / or litigation, even if such initiatives are currently voluntary** . In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings processes for evaluating companies on their approach to ~~ESG~~ **sustainability** matters. Additionally, we and other companies in our industry publish sustainability reports that are made available to investors. Such ratings and reports are used by some investors to inform their investment and voting decisions. Unfavorable ~~ESG~~ **sustainability** ratings may lead to increased negative investor sentiment toward us or our customers and to the diversion of investment to other industries which could have a negative impact on our stock price and / or our access to and costs of capital. Also, certain institutional lenders may decide not to provide funding to us or our customers' companies based on ~~ESG~~ **sustainability** concerns, which could adversely affect our financial condition and access to capital for potential growth projects. Increasingly, investors, lenders, and other stakeholders are focusing on issues related to environmental justice **and natural capital** , which may result in increased scrutiny of our ~~applicable regulatory~~ processes **on such issues** ~~and additional costs of compliance~~ . Furthermore, public statements with respect to ~~ESG~~ **sustainability** matters, such as emissions reduction goals, other environmental targets, or other commitments addressing certain social issues, are becoming increasingly subject to heightened scrutiny from public and governmental authorities related to the risk of potential " greenwashing, " i. e., misleading information or false claims overstating potential ~~ESG~~ **sustainability** benefits. Certain non- governmental organizations and other private actors have also filed lawsuits under various securities and consumer protection laws alleging that certain ~~ESG~~ **sustainability** - statements, goals, or standards were misleading, false, or otherwise deceptive. As a result, we may face increased litigation risks from private parties and governmental authorities related to our ~~ESG~~ **sustainability** efforts. In addition, any alleged claims of greenwashing against us or others in our industry may lead to further negative sentiment and diversion of investments. **We** ~~Additionally, we~~ expect there will likely be increasing levels of regulation, disclosure- related and otherwise, with respect to ~~ESG~~ **sustainability** matters, and we could face increasing costs as we attempt to comply with and navigate further regulatory ~~ESG~~ **sustainability** - related focus and scrutiny **. Additionally, many of our customers and suppliers may be subject to similar expectations and challenges, which may augment or create additional risks, including risks that may not be known to us** . We are subject to stringent federal and state laws and regulations, including the federal Occupational Safety and Health Act and comparable state statutes, whose purpose is to protect the health and safety of workers, both generally and within the pipeline industry. In addition, the federal Occupational Safety and Health Administration' s (" OSHA ") hazard communication standard, the EPA community right- to- know regulations under Title III of the Federal Superfund Amendment and Reauthorization Act and comparable state statutes require that information be maintained concerning hazardous materials used or produced in our operations and that this information be provided to employees, state and local government authorities and citizens. We and the entities in which we own an interest are subject to OSHA Process Safety Management regulations, which are designed to prevent or minimize the consequences of catastrophic releases of toxic, reactive, flammable or explosive chemicals. Failure to comply with these laws and regulations or any newly adopted laws or regulations may result in assessment of sanctions including administrative, civil and criminal penalties, the imposition of investigatory, remedial and corrective action obligations or the incurrence of capital expenditures, any of which could have a material adverse effect on our business, financial condition and results of operations. While we do not conduct hydraulic fracturing, many of our oil and gas exploration and production customers do perform such activities. Hydraulic fracturing is typically regulated by state oil and gas commissions, but several federal agencies have asserted regulatory authority over, proposed or promulgated regulations governing, and conducted investigations relating to certain aspects of the process, including the EPA. In addition, Congress has from time to time considered the adoption of legislation to provide for federal regulation of hydraulic fracturing. Moreover, President Biden issued an executive order in January 2021 suspending the issuance of new leases on federal lands and waters pending completion of a study of current oil and gas practices but, in August 2022, a U. S. District Court issued a permanent injunction that blocked President Biden' s order suspending new leases. Litigation concerning this issue ~~remains pending~~ **is ongoing** . Notwithstanding these ~~recent~~ legal developments, further restrictions may be adopted by the Biden Administration that could restrict hydraulic fracturing activities on federal lands and waters. Many states have adopted legal requirements that have imposed new or more stringent permitting, public disclosure or well construction requirements on hydraulic fracturing activities, including in states where we or our customers conduct operations. States could further elect to suspend or prohibit hydraulic fracturing activities in the future. While governments may also seek to adopt ordinances within their jurisdictions regulating the time, place and manner of drilling activities in general or hydraulic fracturing activities in particular, non- governmental organizations may also seek to restrict hydraulic fracturing through ballot initiatives, such as those that have been pursued in Colorado. New or more stringent laws, regulations, executive orders or regulatory or ballot initiatives relating to the hydraulic fracturing process could lead to our customers reducing crude oil and natural gas drilling activities using hydraulic fracturing techniques, while increased public opposition to activities using such techniques may result in operational delays, restrictions, cessations, or increased litigation. Any one or more of such developments could reduce demand for our gathering, processing and fractionation services and have a material adverse effect on our business, financial condition and results of operations. Our operations are subject to numerous federal, tribal, state and local environmental laws and regulations governing occupational health and safety, the discharge of pollutants into the environment or otherwise relating to environmental protection. These laws and regulations may impose numerous obligations that are applicable to our operations including acquisition of a permit or other approval before conducting regulated activities, restrictions on the types, quantities and concentration of materials that can be released into the environment; limitation or prohibition of construction and operating activities in environmentally sensitive areas such as wetlands, urban areas, wilderness regions and other protected areas; requiring capital expenditures to comply with pollution control requirements, and imposition of substantial liabilities for pollution resulting from our operations. Numerous governmental authorities, such as the EPA and BLM, and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits and approvals issued under them, which can often require difficult and costly actions. Failure to comply with these laws and regulations or any newly adopted laws or regulations may result in assessment of sanctions including administrative, civil and criminal penalties, the imposition of investigatory, remedial and corrective action obligations or the incurrence of capital expenditures; the occurrence of restrictions, delays or cancellations in the permitting or performance of projects, and the issuance of orders enjoining or conditioning performance of some or all of our operations in a particular area. Certain environmental laws impose strict, joint and several liability for costs required to clean up and restore sites where hazardous substances, hydrocarbons or waste products have been released, even under circumstances where the substances, hydrocarbons or wastes have been released by a predecessor operator or the activities conducted and from which a release emanated complied with applicable law. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by noise, odor, or the release of hazardous substances, hydrocarbons or wastes into the environment. The risk of incurring environmental costs and liabilities in connection with our operations is significant due to our handling of natural gas, NGLs, crude oil and other petroleum products, because of air emissions and product- related discharges arising out of our operations, and as a result of historical industry operations and waste disposal practices. For example, an accidental release from one of our facilities could subject us to substantial liabilities arising from environmental cleanup and restoration costs, claims made by neighboring landowners and other third parties for personal injury, natural resource and property damages and fines or penalties for related violations of environmental laws or regulations. Moreover, stricter laws, regulations or enforcement policies could significantly increase our operational or compliance costs and the cost of any remediation that may become necessary. For example, in October 2021 the EPA announced plans to reconsider the Trump Administration' s December 2020 decision to retain the 2015 ground ozone standard, rather than making it more stringent, a decision on which **has been delayed until 2024. Further, in March 2023, the EPA issued its Good Neighbor Plan rule, which imposes emissions- related requirements on fossil fuel- fired power plants and other industrial users in 22 states, including Texas and Louisiana, which could reduce demand for our products and accelerate the transition away from oil and gas to other sources of energy. The Good Neighbor Plan has been subject to extensive litigation and, in various states,** is ~~not expected until 2023~~ **stayed pending additional action** . ~~Also, there~~ **There** continues to be uncertainty on the federal government' s applicable jurisdictional reach under the Clean Water Act over waters of the United States, including wetlands, as the EPA and the U. S. Army Corps of Engineers (" Corps ") under the Obama, Trump and Biden Administrations have pursued multiple rulemakings since 2015 in an attempt to determine the scope of such reach. **In January** ~~Most recently, in December 2022~~ **2023** , the EPA and Corps released a final revised definition of " waters of the United States " founded upon the pre- 2015 regulations and including updates to incorporate existing Supreme Court decisions and recognizing regional and geographic differences. However, the new rule **was** ~~has already been~~ challenged **by multiple states** ~~, with the State of Texas and industry groups filing separate suits~~ in ~~federal court in Texas on January 18,~~ 2023 ~~. Moreover~~ , **resulting in** the ~~EPA and the Corps have announced an intent to develop a subsequent~~ rule ~~further revising the definition~~ **being enjoined in 27 states** . **Additionally** ~~Judicial developments further add to this uncertainty. In October 2022~~ , the U. S. Supreme Court ~~heard arguments~~ **released its opinion** in Sackett v. EPA **,** which ~~involves~~ **involved** issues relating to the legal tests used to determine whether wetlands are " waters of the United States. " The **Sackett decisions invalidated certain parts of the January** ~~Supreme Court is expected to release an opinion in this case in~~ 2023 **rule** , ~~which could impact~~ **resulting in a revised rule being issued in September 2023. However, due to** the **injunction in certain states, the implementation of the September 2023 rule currently varies by state. In the 27 states where the rule has been enjoined, the agencies are interpreting the definition consistent with the pre- 2015** regulatory ~~definition~~ **regime** and ~~its~~ **the changes made by the Sackett decision. In the remaining 23 states, the agencies are** ~~implementation~~ --- **implementing the September 2023 rule** . The implementation of the final rule **,** ~~and the resultant~~ **results of the litigation and any further** expansion of the scope of the Clean Water Act' s jurisdiction in areas where we or our customers conduct operations, could lead to delays, restrictions or cessation of the development of projects, result in longer permitting timelines, or increased compliance expenditures or mitigation costs for our and our oil and natural gas customers' operations, which may reduce the rate of production of natural gas or crude oil from operators with whom we have a business relationship and, in turn, have a material adverse effect on our business, results of operations and cash flows. Separately, Nationwide Permit (" NWP ") 12, which is available under the Clean Water Act for certain oil and gas activities, has been subject to legal challenges and regulatory revision in recent years. Following legal challenges to NWP 12 in the federal district court for the District of Montana, the Corps reissued NWP 12 for oil and natural gas pipeline activities, including certain revisions to the conditions for the use of NWP 12; however, an October 2021 decision by the District Court for the Northern District of California resulted in a vacatur of a 2020 rule revising the Clean Water Act Section 401 certification process. The U. S. Supreme Court ~~has since~~ stayed this vacatur and **, in September 2023,** the EPA **finalized its Clean Water Act** ~~has proposed a rule to update and replace the relevant regulations, public comment on which closed in August 2022. While the Corps has resumed permitting decisions for such NWPs, the Corps has advised that, as part of the permitting decision process, the Corps will coordinate with certifying authorities on~~ Section 401 **Water Quality** ~~certifications~~ **Certification** ~~as needed~~ **Improvement Rule** , **effective on November 27** ~~which may result in permit delays or otherwise impact our operations or those of our customers. Additionally~~ , ~~in~~ **2023. In** March 2022, the Corps announced that it was seeking stakeholder input on a formal review of NWP 12. **However, while this review is ongoing, the Corps has resumed permitting decisions.** While the full extent and impact of these actions is unclear at this time, any disruption in our ability to obtain coverage under NWP 12 or other general permits may result in increased costs and project delays if we are forced to seek individual permits from the Corps. This in turn could have an adverse effect on our business, financial condition and results of operation. With the exception of the Driver Residue Pipeline, TPL SouthTex Transmission Company LP, Targa Midland Gas Pipeline LLC, Midland- Permian Pipeline LLC, **Delaware- Permian Pipeline LLC, and** Targa SouthTex Mustang Transmission Ltd. ~~, and Targa SouthTex Transmission LP~~ , which are each subject to FERC regulation under the NGPA or limited FERC regulation under the NGA, our natural gas pipeline operations are generally exempt from FERC regulation, but FERC regulation still affects our non- FERC jurisdictional businesses and the markets for products derived from these businesses, including certain FERC reporting and posting requirements in a given year. We believe that the natural gas pipelines in our gathering systems meet the traditional tests FERC has used to establish a pipeline' s status as a gatherer not subject to regulation as a natural gas company. However, the distinction between FERC- regulated transmission services and federally unregulated gathering services is the subject of substantial, ongoing litigation, so the classification and regulation of our gathering facilities are subject to change based on future determinations by FERC, the courts or Congress. We also operate natural gas pipelines that extend from some of our processing plants to interconnections with both intrastate and interstate natural gas pipelines. Those facilities, known in the industry as " plant tailgate " pipelines, typically operate at transmission pressure levels and may transport " pipeline quality " natural gas. Because our plant tailgate pipelines are relatively short, we treat them as " stub " lines, which are exempt from FERC' s jurisdiction under the Natural Gas Act. Targa NGL, Targa Gulf Coast, and Grand Prix **Pipeline** ~~Joint Venture~~ have pipelines that are considered common carrier pipelines subject to regulation by FERC under the ICA. The ICA requires that we maintain tariffs on file with FERC for each of the Targa NGL, Targa Gulf Coast and Grand Prix **Pipeline** ~~Joint Venture~~ common carrier pipelines that have not been granted a waiver. Those tariffs set forth the rates we charge for providing transportation services as well as the rules and regulations governing these services. The ICA requires, among other things, that rates on interstate common carrier pipelines be " just and reasonable " and non- discriminatory. With respect to pipelines that have been granted a waiver of the ICA and related regulations by FERC, should a particular pipeline' s circumstances change, FERC could, either at the request of other entities or on its own initiative, assert that such pipeline no longer qualifies for a waiver. In the event that FERC were to determine that one or more of these pipelines no longer qualified for a waiver, we would likely be required to file a tariff with FERC for the applicable pipeline (s), provide a cost justification for the transportation charge, and provide regulated services to all potential shippers without undue discrimination. Such a change in the jurisdictional status of transportation on these pipelines could adversely affect our results of operations. The classification of some of our gathering facilities, transportation pipelines, and purchase and sale transactions as FERC- jurisdictional or non- jurisdictional may be subject to change based on future determinations by FERC, the courts or Congress, in which case, our operating costs could increase and we could be subject to enforcement actions under the EP Act of 2005. Various federal agencies within the U. S. Department of the Interior, particularly the BLM, Office of Natural Resources Revenue (formerly the Minerals Management Service) and the Bureau of Indian Affairs, along with the Three Affiliated Tribes, promulgate and enforce regulations pertaining to operations on the Fort Berthold Indian Reservation, on which we operate a significant portion of our Badlands gathering and processing assets. The Three Affiliated Tribes is a sovereign nation having the right to enforce certain laws and regulations independent from federal, state and local statutes and regulations. These tribal laws and regulations include various taxes, fees and other conditions that apply to lessees, operators and contractors conducting operations on Native American tribal lands. Lessees and operators conducting operations on tribal lands can generally be subject to the Native American tribal court system. One or more of these factors may increase our costs of doing business on the Fort Berthold Indian Reservation and may have an adverse impact on our ability to effectively transport products within the Fort Berthold Indian Reservation or to conduct our operations on such lands. Other FERC regulations may indirectly impact our businesses and the markets for products derived from these businesses. FERC' s policies and practices across the range of its natural gas and liquids regulatory activities, including, for example, its policies on open access transportation, gas quality, ratemaking, capacity release and market center promotion, may indirectly affect the natural gas and liquids markets. In recent years, FERC has pursued pro- competitive policies in its regulation of interstate natural gas and liquids pipelines. However, we cannot assure you that FERC will continue this approach as it considers matters such as pipeline rates and rules and policies that may affect rights of access to transportation capacity. For more information regarding the regulation of our operations, see " Item 1. Business — Regulation of Operations. " ~~Legislation in the past decade has resulted in more stringent mandates for pipeline safety and has charged PHMSA with developing and adopting regulations that impose increased pipeline safety requirements on pipeline operators. In particular, the NGPSA and HLPSA were amended in recent years by the 2011 Pipeline Safety Act, the 2016 Pipeline Safety Act and, most recently, the PIPES Act of 2020. Each of these laws imposed increased pipeline safety obligations on pipeline operators. The 2011 Pipeline Safety Act directed the promulgation of expanded integrity management requirements, automatic or remote- controlled valve, and excess flow valve use, leak detection system installation, material strength pipeline testing and verification of records confirming the maximum allowable pressure of certain intrastate gas transmission pipelines, whereas the 2016 Pipeline Safety Act also empowered PHMSA to address unsafe conditions or practices constituting imminent hazards by imposing emergency measures on pipeline facility owners and operators without prior notice or an opportunity for a hearing. The PIPES Act of 2020 reauthorized PHMSA through fiscal year 2023 and directed the agency to move forward with several regulatory initiatives, including obligating operators of non- rural gas gathering lines and new and existing transmission and distribution pipeline facilities to conduct certain leak detection and repair programs and to require facility inspection and maintenance plans to align with those regulations. In furtherance of the PIPES Act of 2020, PHMSA issued final rules in November 2021 and August 2022, respectively, imposing a number of additional requirements. For further details, please see the risk factor entitled " We may incur significant costs and liabilities resulting from performance of pipeline integrity testing programs and related repairs. " The imposition of new or enhanced safety requirements, or any issuance or reinterpretation of guidance by PHMSA or any state agencies with respect thereto, may require us to install new or modified safety controls, pursue additional capital projects or conduct maintenance programs on an accelerated basis, any or all of which tasks could result in increased operating costs that could have an adverse effect on our results of operations or financial position.~~ Under the EP Act of 2005, FERC has civil penalty authority under the NGA and NGPA to impose penalties for violations of the NGA or NGPA up to a maximum amount that is adjusted annually for inflation, which for ~~2023~~ **2024** equals approximately $ 1. 5 million per violation per day, as well as authority to order disgorgement of profits associated with any violation. While our systems other than the Driver Residue Pipeline, TPL SouthTex Transmission Company LP, TPL SouthTex Pipeline Company LLC, Targa Midland Gas Pipeline LLC, Midland- Permian Pipeline LLC, **Delaware- Permian Pipeline LLC, and** Targa SouthTex Mustang Transmission Ltd. ~~, and Targa SouthTex Transmission LP~~ , have not been regulated by FERC under the NGA or NGPA, FERC has adopted regulations that may subject certain of our otherwise non- FERC jurisdictional facilities to FERC annual reporting and daily scheduled flow and capacity posting requirements. In addition, FERC has civil penalty authority under the ICA to impose penalties for violations under the ICA up to a maximum amount that is adjusted annually for inflation, which for ~~2023~~ **2024** was up to approximately $ ~~15~~ **16** , ~~662~~ **170** per violation per day, and failure to comply with the

ICA and regulations implementing the ICA could subject us to civil penalty liability. For more information regarding regulation of our operations, see " Item 1. Business — Regulation of Operations. " Additional rules and legislation pertaining to those and other matters may be considered or adopted by FERC from time to time. The jurisdictions in which we operate (including the United States) ~~may~~ have laws governing how we must respond to a cyber incident that results in the unauthorized access, disclosure, or loss of personal information. Additionally, new laws and regulations governing data privacy and unauthorized disclosure of ~~confidential~~ **personal** information **and imposing certain cybersecurity- related requirements** , including ~~recent~~ California legislation (which, among other things, provides for a private right of action **and allows the California Attorney General to impose significant fines**), pose increasingly complex compliance challenges ~~and could potentially~~ **. Other states, including Texas, have also enacted data privacy legislation. Some or all of such legislation will** elevate our **compliance** costs over time. **Our** ~~Although our~~ business ~~does not involve~~ **involves** ~~large- scale~~ **collection, use, and other** processing of personal information ~~, our business does involve collection, use,~~ and ~~other processing of personal~~ **personally identifiable** information of our employees, investors, contractors, suppliers, and customer contacts. As legislation continues to develop and cyber incidents continue to evolve, we will likely be required to expend significant resources to continue to modify or enhance our protective measures to comply with such legislation and to detect, investigate and remediate vulnerabilities to cyber incidents. Any failure by us, or a company we acquire, to comply with such laws and regulations could result in reputational harm, loss of goodwill, penalties, liabilities, ~~and /~~ **remediation costs,** or mandated changes in our business practices. ~~51~~ **Each has the potential to materially impact our financial condition.**