

# [***Phillips 66 Announces 2017 Capital Program***](https://advance.lexis.com/api/document?collection=news&id=urn:contentItem:5MD0-XSF1-J9XT-P2NT-00000-00&context=1516831)

Plus Company Updates(PCU)

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**Body**

Houston: Phillips 66 has issued the following press release:

- Phillips 66 (NYSE: PSX), an energy manufacturing and logistics company, announces its 2017 capital budget of $2.7 billion. The plan includes $1.3 billion for midstream growth and $0.9 billion directed toward enhancing refining returns and supporting operating excellence.

“The 2017 capital program is consistent with our disciplined approach to capital allocation,” said chairman and CEO Greg Garland. “Returns on our investments are important, and the reduction in capital spending from prior years reflects that fewer projects meet our return thresholds in the current business ***environment***. We continue to invest sustaining capital to ensure our assets run safely and reliably. We are committed to maintaining a strong balance sheet and financial flexibility, which allows us to return significant capital to shareholders through the business cycle, in the form of share repurchases and a growing, secure dividend.”

In Midstream, Phillips 66 plans to invest $1.5 billion in its Natural Gas Liquids (NGL) and Transportation businesses, with 85 percent of that targeting growth projects. The company is focused on development around its existing infrastructure’s footprint, including continued expansion of the Beaumont Terminal and investment in pipelines and other terminals.

Midstream capital encompasses spending expected by Phillips 66 Partners of $437 million, including $56 million of maintenance capital. Expansion capital at the partnership will be in support of organic projects, such as the Bayou Bridge Pipeline, which will connect the Beaumont Terminal with St. James, Louisiana. The western leg of the pipeline began operation in April 2016, while the eastern leg, with service from Lake Charles, Louisiana, to St. James, is expected to be completed in the second half of 2017.

Phillips 66 plans $905 million of capital expenditures and investments in Refining, with 65 percent of that for reliability, safety and environmental projects. Growth capital in Refining will be directed toward small, high-return, quick pay-out projects, primarily to reduce feedstock costs and improve clean product yields. These include a project at the Billings Refinery to increase heavy crude processing capabilities and yield improvement projects at the Bayway and Ponca City refineries.

In Marketing and Specialties, the company plans to invest $132 million of growth and sustaining capital. The growth investment reflects Phillips 66’s continued plans to expand and enhance its fuels marketing business.

In Corporate and Other, the company plans to fund $112 million in projects, primarily related to information technology and facilities.

Phillips 66’s proportionate share of capital spending by joint ventures Chevron Phillips Chemical Company LLC (CPChem), DCP Midstream, LLC (DCP Midstream) and WRB Refining LP (WRB) is expected to be $1.1 billion. Including these equity affiliates, the company’s total 2017 capital program is projected to be $3.8 billion.

In Chemicals, CPChem is investing in projects aimed at capturing cost-advantaged petrochemical feedstocks on the U.S. Gulf Coast. Phillips 66’s share of CPChem’s 2017 capital expenditures is expected to be $675 million. Funding will support completion of CPChem’s 3.3 billion-pound-per-year ethane cracker and two 1.1 billion-pound-per-year polyethylene facilities being constructed in the Gulf Coast region. The expected startup for the polyethylene facilities is mid-2017, with the ethane cracker expected to be in operation in the second half of next year. Once completed, these facilities will increase CPChem’s global ethylene and polyethylene capacity by approximately one-third. Phillips 66’s expected share of DCP Midstream’s 2017 capital spending is $243 million, while its anticipated share of WRB’s capital expenditures is $135 million. Capital spending by these three joint ventures is expected to be self-funded.

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