

# Western Midstream Announces Entry Into New Service, Operating, And Governance Agreements

HOUSTON, Jan. 6, 2020 /PRNewswire/ -- Today Western Midstream Partners, LP (NYSE: WES) ("WES" or the "Partnership") and Occidental Petroleum Corporation (NYSE: OXY) ("Occidental") announced the execution of several agreements that will enable WES to fully operate as a stand-alone business, consistent with WES's and Occidental's joint effort to establish WES as an independent midstream company. WES fully expects to continue its long-term and meaningful relationship with Occidental. These new agreements support WES's ongoing and focused pursuit of third-party growth opportunities and underscore the importance of WES's commitment to leverage its existing midstream infrastructure to attract additional Occidental and third-party volumes.

"Over the last few months, WES and Occidental have worked together to execute agreements that are supportive of both companies' intent to operate and report as two separate and distinct entities," said Chief Executive Officer, Michael Ure. "We are excited about the operational changes that are enabled by these agreements and the governance changes that will inure to the benefit of WES and its stakeholders. Taking into account the anticipated economic impact of these recently executed agreements, we have refined our 2020 outlook that was announced with our Q3 2019 results and currently expect 2020 Adjusted EBITDA between \$1.875 billion and \$1.975 billion and 2020 total capital expenditures between \$875 million and \$950 million."

## **Key terms of the newly executed agreements include:**

- The December 2019 transfer of employment of WES's management team from Occidental to WES, which ensures independent managerial control of WES's strategic initiatives and day-to-day operations.
- The December 2019 secondment of specifically identified WES-dedicated employees of Occidental who will be under the direct supervision of WES management prior to their transfer from Occidental to WES, which will occur during 2020.
- The provision of limited administrative shared services by Occidental to WES for an initial two-year period.
- The meaningful expansion of WES unitholders' rights to replace WES's general partner under an amended limited partnership agreement.

- A \$20 million cash contribution by Occidental to WES during the first quarter of 2020 in recognition of WES's historical financial support of existing administrative infrastructure, thereby significantly defraying anticipated transition costs required to establish stand-alone human resources and information technology functions at WES.
- New long-term oil and gas gathering acreage dedications by Occidental, covering approximately 21,000 acres in Weld County, Colorado, supported by minimum volume commitments and complemented by previously executed DJ Basin gas-processing dedications will be put in place.

Ure continued, "We strongly believe that the formal identification of a WES-dedicated workforce enhances employee focus, which in turn empowers employees to deliver operational efficiencies and improved customer service, establishes heightened accountability, and positions WES, beginning in 2020, to directly align compensation incentives for all WES-dedicated employees with WES's internally developed midstream performance targets."

"The execution of these new agreements was the result of diligent work between and among WES and Occidental legal, finance, and operations groups," said Chief Financial Officer, Mike Pearl. "We firmly believe that the resulting governance and employment changes establish an appropriate realignment of incentives that now will be based solely on WES's performance as an independent midstream company, which we view as critical to sustaining long-term value creation for all of our stakeholders."

The above-described related-party agreements with Occidental were reviewed and approved by the Special Committee, which includes only independent members of the board of directors of WES's general partner. The Special Committee was advised by Bracewell LLP, as legal counsel, and by Lazard, as financial advisor. Concurrent with the execution of these new agreements, WES's general partner adopted an amended and restated agreement of limited partnership providing unaffiliated public unitholders significantly expanded rights to remove the WES general partner.

#### **ABOUT WESTERN MIDSTREAM**

Western Midstream Partners, LP ("WES") is a Delaware master limited partnership formed to acquire, own, develop, and operate midstream assets. With midstream assets located in the Rocky Mountains, North-central Pennsylvania, Texas and New Mexico, WES is engaged in the business of gathering, compressing, treating, processing, and transporting natural gas; gathering, stabilizing, and transporting condensate, natural gas liquids, and crude oil; and gathering and disposing of produced water for Occidental and third-party customers. In addition, in its capacity as a processor of natural gas, WES also buys and sells natural gas, NGLs, and condensate on behalf of itself and as agent for its customers under certain of its contracts.

For more information about Western Midstream Partners, LP, please visit [www.westernmidstream.com](http://www.westernmidstream.com).

*This news release contains forward-looking statements. WES's management believes that its expectations are based on reasonable assumptions. No assurance, however, can be given that such expectations will prove to have been correct. A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this news release. These factors include the ability to establish WES as an independent midstream company; realize the expected benefits from the new and amended agreements with Occidental and the concomitant workforce separation; meet financial guidance or distribution growth expectations; the ability to safely and efficiently operate WES's assets; the supply of, demand for, and price of oil, natural gas, NGLs, and related products or services; the ability to meet projected in-service dates for capital growth projects; construction costs or capital expenditures exceeding estimated or budgeted costs or expenditures; and the other factors described in the "Risk Factors" section of WES's most recent Form 10-K and Form 10-Q filed with the Securities and Exchange Commission and in its other public filings and press releases. Western Midstream Partners, LP undertakes no obligation to publicly update or revise any forward-looking statements, except as required by law.*

## **WESTERN MIDSTREAM CONTACTS**

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