Western Midstream Announces Sanctioning of New Cryogenic Plant and Updated 2023 Guidance

HOUSTON--(BUSINESS WIRE)-- Today Western Midstream Partners, LP (NYSE: WES) (“WES” or the “Partnership”) announced the sanctioning of a new 250 MMcf/d cryogenic processing plant in the North Loving area of our West Texas complex (“North Loving Plant”). The expected in-service date is the end of the fourth quarter of 2024.

Concurrent with the sanctioning of the North Loving Plant, and based on the most current production-forecast information from our producer customers, WES updated 2023 guidance as follows:

- Total capital expenditures[(1)] are expected to range between $700.0 million and $800.0 million, representing a $125.0 million increase to the midpoint of guidance previously issued with WES’s fourth-quarter 2022 earnings results (“Prior Guidance”). Total-year capital expenditures guidance includes capital attributable to a portion of Mentone Train III, a portion of the North Loving Plant, and additional expansion capital needed to support continued commercial success.
- Free cash flow[(2)] is expected to range between $1.000 billion and $1.100 billion, representing a $125.0 million decrease to the midpoint of Prior Guidance as a result of revised capital expenditures guidance.

WES is maintaining its 2023 Adjusted EBITDA[(2)] guidance range of $2.050 billion to $2.150 billion, and its full-year 2023 Base Distribution of at least $2.00 per unit[(3)], which excludes the impact of any potential Enhanced Distribution.

“We are pleased to announce the expansion of our West Texas complex with the addition of the North Loving Plant,” said Michael Ure, President and Chief Executive Officer. “The recent amendment to Occidental’s natural-gas processing agreement to provide up to 300 MMcf/d of additional firm-processing capacity provides greater certainty regarding WES’s future profitability and underpins our decision to sanction an additional plant. Including Mentone Train III and the North Loving Plant, we expect our West Texas complex to grow from today’s processing capacity of 1.54 Bcf/d to 2.09 Bcf/d by year-end 2024.”

“Over the past year, our commercial team has generated substantial value for WES by executing multiple, long-term agreements that provide up to 950 MMcf/d of firm processing commitments. While we have already realized some benefit from these agreements, the vast majority of the volumes are expected over the coming years, and the decision to sanction an additional plant greatly enhances our ability to accommodate our producer customers and generate incremental value for our stakeholders,” concluded Mr. Ure.

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, NGLs, and crude oil; and gathering and disposing of produced water for its 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 an agent for its customers under certain of its contracts.

For more information about Western Midstream Partners, LP and Western Midstream Flash Feed updates, please visit 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 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 our ability to meet financial guidance or distribution expectations; our 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; our 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 filed with the Securities and Exchange Commission and other public filings and press releases. WES undertakes no obligation to publicly update or revise any forward-looking statements.

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(1) Accrual-based, includes equity investments, excludes capitalized interest, and excludes capital expenditures associated with the 25% third-party interest in Chipeta.

(2) A reconciliation of the Adjusted EBITDA range to net cash provided by operating activities and net income (loss), and a reconciliation of the Free cash flow range to net cash provided by operating activities, is not provided because the items necessary to estimate such amounts are not reasonably estimable at this time. These items, net of tax, may include, but are not limited to, impairments of assets and other charges, divestiture costs, acquisition costs, or changes in accounting principles. All of these items could significantly impact such financial measures. At this time, WES is not able to estimate the aggregate impact, if any, of these items on future period reported earnings. Accordingly, WES is not able to provide a corresponding GAAP equivalent for the Adjusted EBITDA or Free cash flow ranges.

(3)

Subject to Board review and approval on a quarterly basis based on the needs of the business.

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