

WESTERN MIDSTREAM ANNOUNCES EXPANSION OF POWDER RIVER BASIN FOOTPRINT WITH THE ACQUISITION OF MERITAGE MIDSTREAM

- *Transforms and significantly expands WES's existing Powder River Basin asset base with the addition of natural gas gathering and processing facilities, increasing total natural gas processing capacity to 440 MMcf/d.*
- *Diversifies customer base through long-term contracts, acreage dedications, and minimum-volume commitments with investment grade counterparties.*
- *Purchase price represents 5.0x - 6.0x 2024E pre-synergy Adjusted EBITDA⁽¹⁾; incremental synergy opportunities identified in 2024 and beyond would further reduce forward-acquisition multiple.*
- *Based on the expected Free cash flow⁽¹⁾ benefits of the acquisition, management expects to recommend a Base Distribution increase of \$0.0125 per unit, or \$0.05 per unit annualized, following the closing of the transaction.*

HOUSTON – (BUSINESS WIRE)— September 5, 2023 – Western Midstream Partners, LP (“WES” or the “Partnership”) (NYSE: WES) today announced that one of its operating subsidiaries has signed an agreement to acquire Meritage Midstream Services II, LLC (“Meritage”) in an all-cash transaction for a purchase price of \$885 million, subject to customary adjustments. Meritage, a privately held midstream company headquartered in Denver, Colorado, owns and operates a large-scale natural gas gathering and processing business in the Powder River Basin of Wyoming. Completion of the transaction is expected in the fourth quarter of 2023, subject to customary closing conditions and regulatory approvals.

Meritage’s assets, located in Converse, Campbell, and Johnson counties, Wyoming, include approximately 1,500 miles of high- and low-pressure natural gas gathering pipelines, approximately 380 MMcf/d natural gas processing capacity, and the Thunder Creek NGL pipeline; a 120 mile, 38 MBbl/d FERC-regulated NGL pipeline that connects to Meritage’s processing facilities. The Meritage assets are supported by more than 1.4 million dedicated acres from a diverse set of majority investment grade counterparties, with an average remaining contract life of approximately eight years. Following the integration of the Meritage assets, WES will be well positioned to compete for additional acreage dedications and business development opportunities from offset producers in the basin. WES expects the transaction to close during the fourth quarter of 2023. Given the uncertain timing of closing within the fourth quarter, WES is not updating its 2023 Adjusted EBITDA guidance range at this time.

“We are excited to announce the transformation of our Powder River Basin footprint with the acquisition of Meritage,” commented Michael Ure, President and Chief Executive Officer of WES.

“The addition of the Meritage assets meaningfully expands the financial and operational scale of our existing Powder River Basin footprint by adding significant producer inventory and further diversifying our growing G&P customer portfolio. The Powder River Basin has attracted investment from some of the largest E&P companies due to the basin’s multi-stacked pay horizon potential. Throughout 2023, a combination of large, independent E&Ps and well-capitalized, private companies have operated thirteen to fourteen rigs, on average, throughout the basin.”

“The Meritage transaction provides another source of steady, profitable growth for WES due to its long-term contracts with expansive acreage dedications and minimum-volume commitments. Based on the expected Free cash flow benefits of the acquisition, management expects to recommend a Base Distribution increase of \$0.0125 per unit, or \$0.05 per unit on an annualized basis, following the closing of the transaction,” Mr. Ure concluded.

Nick Thomas, CEO of Meritage commented, “Since 2013, Meritage has been hard at work building upon its brand as a leading midstream operator in the Powder River Basin, expanding its services into rich gas gathering, processing, and NGL transport. Through the unwavering dedication of our team, we have developed a best-in-class infrastructure platform driven by safe and intelligent operations and founded on strong relationships with our customers and stakeholders. Today’s announcement is a testament to the many years of focused efforts, and I am extremely proud of our team’s many accomplishments. We look forward to watching the combined WES/Meritage team continue to advance this generational asset.”

For additional details on WES’s acquisition of Meritage, please refer to the slide presentation available under the “Events and Presentations” tab at www.westernmidstream.com.

ADVISORS

Citi served as financial advisor and Gibson, Dunn & Crutcher LLP served as legal advisor to WES. Jefferies LLC served as financial advisor and Vinson & Elkins LLP served as legal advisor to Meritage.

ABOUT MERITAGE MIDSTREAM SERVICES II, LLC

Based in Denver, Colorado, Meritage Midstream provides oil and gas producers with a full complement of midstream services through affiliated companies that operate in the U.S. Meritage is currently focused on Wyoming’s Powder River Basin. Capabilities include natural gas gathering, compression, treating and processing; and NGL transportation, fractionation and condensate handling. The company’s senior management team has more than 250 years of collective experience in the midstream business. Visit www.meritagemidstream.com for more information.

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.

FORWARD LOOKING STATEMENTS

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 close and realize the expected benefits from the Meritage acquisition; meet financial guidance or distribution expectations; our ability to safely and efficiently operate WES’s assets and integrate the Meritage assets into our portfolio; 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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Source: Western Midstream Partners LP

WESTERN MIDSTREAM CONTACTS

Daniel Jenkins

Director, Investor Relations

Investors@westernmidstream.com

866-512-3523

Rhianna Disch

Manager, Investor Relations

Investors@westernmidstream.com

866-512-3523

⁽¹⁾ WES defines Adjusted EBITDA as net income (loss), plus (i) distributions from equity investments, (ii) non-cash equity-based compensation expense, (iii) interest expense, (iv) income tax expense, (v) depreciation and amortization, (vi) impairments, and (vii) other expense (including lower of cost or market inventory adjustments recorded in cost of product), less (i) gain (loss) on divestiture and other, net, (ii) gain (loss) on early extinguishment of debt, (iii) income from equity investments, (iv) interest income, (v) income tax benefit, (vi) other income, and (vii) the noncontrolling interest owners' proportionate share of revenues and expenses. WES defines Free cash flow as net cash provided by operating activities less total capital expenditures and contributions to equity investments, plus distributions from equity investments in excess of cumulative earnings.