

Occidental Announces Successful Strategic and Financial Initiatives

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Enters into new service, operating and governance agreements with Western Midstream

Divests real estate holdings for \$565 million, repays \$2 billion of 2021 bank term loans in fourth quarter

Expands 2020 Oil Hedging Program to 350,000 BOED

[Occidental Petroleum Corp.](#) (NYSE:OXY) today provided an update on its execution against key strategic and financial initiatives designed to maximize shareholder value following the close of its acquisition of Anadarko Petroleum ("Anadarko") on August 8, 2019.

New Service, Operating and Governance Agreements with Western Midstream

Occidental and Western Midstream Partners, LP (NYSE: WES) ("WES" or the "Partnership") announced the execution of several agreements that enable WES to operate as an independent midstream company to support its ongoing pursuit of third-party growth opportunities. The executed agreements include amendments to the limited partnership agreement that significantly expand unitholders' rights, including the right to remove and replace Occidental as the general partner. These amendments, along with other pertinent agreements, including the transfer of the WES corporate officers' employment from Occidental to the Partnership, result in Occidental's go-forward reporting of WES's financial information under the equity method of accounting. Accordingly, Occidental will no longer consolidate WES's statement of operations, balance sheet, and statement of cash flows. These financial reporting changes will provide increased clarity and transparency into the financial performance of Occidental's core businesses. Occidental intends to continue its operational relationship with WES and expects to maintain a significant economic interest in WES, which Occidental will reduce to below 50% during 2020.

"Over the last few months, Occidental and WES have worked to finalize agreements beneficial to both companies that establish WES as an independent midstream company capable of successfully competing for third-party business in its core areas of operation," said President and Chief Executive Officer Vicki Hollub. "We believe that our shareholders and WES's unitholders are positioned to benefit from these new agreements."

Key terms of the newly executed agreements include:

- Effective December 2019, employment of WES's management team was transferred from Occidental to WES to ensure independent managerial control of WES's strategic initiatives and day-to-day operations.
- Occidental employees who were fully dedicated and seconded to WES in December 2019 will be transferred to WES in 2020.
- Occidental will provide limited administrative services to WES for up to two years.
- The rights of WES unitholders to replace WES's general partner under an amended limited partnership agreement were significantly expanded.
- New long-term oil and gas gathering acreage dedications 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.

Divestiture Program

With the recently announced sale of \$565 million of Houston and Woodlands real estate assets to the Howard Hughes Corporation, Occidental continues to make progress towards meeting its \$15 billion divestiture target. Occidental retired \$2 billion of 2021 bank term loans in the fourth quarter of 2019 with proceeds from asset divestitures and free cash flow.

"The sale of office complexes in the Houston Energy Corridor and The Woodlands is part of our plan to divest non-core assets and continue to improve the strength of our balance sheet," said Occidental President and CEO Vicki Hollub. "We repaid \$7 billion of debt less than five months after closing our acquisition of Anadarko and will continue to reduce debt in 2020 with proceeds from asset divestitures and free cash flow."

Oil Hedging

Occidental increased its 2020 volume of hedged oil production by 50,000 barrels of oil per day (BOPD) to 350,000 BOPD representing a significant portion of 2020 oil production. The incremental oil hedges were structured as three-way costless collars to provide enhanced cash flow in a low oil-price environment while preserving significant upside in higher price scenarios. For every \$1 increase in oil prices, Occidental's free cash flow increases by \$260 million per annum. In a low oil-price environment, Occidental's 2020 hedging program enhances cash flow to support its dividend during the post-acquisition transitional period.

About Occidental

Occidental is an international oil and gas exploration and production company with operations in the United States, Middle East and Latin America. We are the leading producer and largest acreage holder in the Permian Basin. Occidental is advancing a lower-carbon future with our subsidiary Oxy Low Carbon Ventures, which promotes innovative technologies that drive cost efficiencies and economically grow our business while reducing emissions. We also have a marketing and midstream business. OxyChem, our chemical subsidiary, is among the top three U.S. producers for the principal products it manufactures and markets. Occidental posts or provides links to important information on our website at oxy.com.

Forward Looking Statements

This press release contains "forward-looking statements" within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including but not limited to statements about Occidental's expectations, beliefs, plans or forecasts. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties, many of which involve factors or circumstances that are beyond Occidental's control. Actual results may differ from anticipated results, sometimes materially, and reported or expected results should not be considered an indication of future performance.

Factors that could cause actual results to differ and that may affect Occidental's results of operations and financial position appear in Part I, Item 1A "Risk Factors" of Occidental's Annual Report on Form 10-K for the year ended December 31, 2018, and in Occidental's other filings with the U.S. Securities and Exchange Commission ("SEC"). Additional factors related to the completed transaction between Occidental and Anadarko appear in the definitive proxy statement/prospectus that is a part of Occidental's registration statement on Form S-4, as amended, which was declared effective by the SEC on July 11, 2019, in connection with the completed transaction between Occidental and Anadarko.

Because the factors referred to above could cause actual results or outcomes to differ materially from those expressed or implied in any forward-looking statements, you should not place undue reliance on any such forward-looking statements. Further, any forward-looking statement speaks only as of the date of this communication and, unless legally required, Occidental does not undertake any obligation to update any forward-looking statement, as a result of new information, future events or otherwise.

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Contact

Media:

Melissa E. Schoeb

713-366-5615

melissa_schoeb@oxy.com

or

Investors:

Jeff Alvarez

713-215-7864

jeff_alvarez@oxy.com

On the web: oxy.com

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