Risk Factors Comparison 2024-02-21 to 2023-02-22 Form: 10-K

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CAUTIONARY NOTE REGARDING FORWARD- LOOKING STATEMENTS We have made in this Form 10- K, and may make in other public filings, press releases, and statements by management, forward- looking statements concerning our operations, economic performance, and financial condition. These forward- looking statements include statements preceded by, followed by, or that otherwise include the words " believes, " " expects, " " anticipates, " " intends, " " estimates, " " projects, " " target, " " goal, " " plans, " " objective, " " should, " or similar expressions or variations on such expressions. These statements discuss future expectations, contain projections of results of operations or financial condition, or include other " forward- looking " information. Although we and our general partner believe that the expectations reflected in our forward- looking statements are reasonable, neither we nor our general partner can provide any assurance that such expectations will prove correct. These forward- looking statements involve risks and uncertainties. Important factors that could cause actual results to differ materially from expectations include, but are not limited to, the following: • our ability to pay distributions to our unitholders **and the amount of such distributions** ; • our assumptions about the energy market; • future throughput (including Occidental production) that is gathered or processed by, or transported through our assets; • our operating results; • competitive conditions; • technology; • the availability of capital resources to fund acquisitions, capital expenditures, and other contractual obligations, and our ability to access financing through the debt or equity capital markets; • the supply of, demand for, and price of ~~,~~ oil, natural gas, NGLs, and related products or services; • commodity- price risks inherent in percent- of- proceeds, percent- of- product, ~~and~~ keep- whole **, and fixed- recovery processing** contracts; • weather and natural disasters; • inflation; • the availability of goods and services; • general economic conditions, internationally, domestically, or in the jurisdictions in which we are doing business; • federal, state, and local laws and state- approved voter ballot initiatives, including those laws or ballot initiatives that limit producers' hydraulic- fracturing activities or other oil and natural- gas development or operations; • environmental liabilities; • legislative or regulatory changes, including changes affecting our status as a partnership for federal income tax purposes; • changes in the financial or operational condition of Occidental; • the creditworthiness of Occidental or our other counterparties, including financial institutions, operating partners, and other parties; • changes in Occidental' s capital program, corporate strategy, or other desired areas of focus; • our commitments to capital projects; • our ability to access liquidity under the RCF **and commercial paper program** ; • our ability to repay debt; • the resolution of litigation or other disputes; • conflicts of interest among us ~~,~~ **and** our general partner and its related parties, including Occidental, with respect to, among other things, the allocation of capital and operational and administrative costs, and our future business opportunities; • our ability to maintain and / or obtain rights to operate our assets on land owned by third parties; • our ability to acquire assets on acceptable terms from third parties; • non- payment or non- performance of significant customers, including under gathering, processing, transportation, and disposal agreements; • the timing, amount, and terms of future issuances of equity and debt securities; • the outcome of pending and future regulatory, legislative, or other proceedings or investigations, and continued or additional disruptions in operations that may occur as we and our customers comply with any regulatory orders or other state or local changes in laws or regulations; • cyber attacks or security breaches; and • other factors discussed below and elsewhere in this Item 1A, under the caption Critical Accounting Estimates included under Part II, Item 7 of this Form 10- K, and in our other public filings and press releases. Risk factors and other factors noted throughout this Form 10- K could cause actual results to differ materially from those contained in any forward- looking statement. Except as required by law, we undertake no obligation to publicly update or revise any forward- looking statements, whether as a result of new information, future events, or otherwise. Common units are inherently different from capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in similar businesses. We urge you to carefully consider the following risk factors together with all of the other information included in this Form 10- K in evaluating an investment in our common units. If any of the following risks were to occur, our business, financial condition, or results of operations could be materially and adversely affected. In such a case, the common units' trading price could decline, and you could lose part or all of your investment. RISKS INHERENT IN OUR BUSINESS We are dependent on Occidental for over 50 % of revenues related to the natural gas, crude oil, NGLs, and produced water that we gather, treat, process, transport, and / or dispose. A material reduction in Occidental' s production that is gathered, treated, processed, or transported by our assets would result in a material decline in our revenues and cash available for distribution. We rely on Occidental for over 50 % of revenues related to the natural gas, crude oil, NGLs, and produced water that we gather, treat, process, transport, and / or dispose. For the year ended December 31, ~~2022~~ **2023** , ~~55~~ **59** % of Total revenues and other, ~~35~~ **34** % of our throughput for natural- gas assets (excluding equity- investment throughput), ~~89~~ **86** % of our throughput for crude- oil and NGLs assets (excluding equity- investment throughput), and ~~80~~ **78** % of our throughput for produced- water assets were attributable to production owned or controlled by Occidental. Occidental may decrease its production in the areas serviced by us and is under no contractual obligation to maintain its production volumes dedicated to us pursuant to the terms of our applicable gathering agreements. The loss of a significant portion of production volumes supplied by Occidental would result in a material decline in our revenues and our cash available for distribution. In addition, Occidental may determine that drilling activity in areas other than our areas of operation is strategically more attractive. A shift in Occidental' s focus away from our areas of operation could result in reduced throughput on our systems and a material decline in our revenues and cash available for distribution. Because we are dependent on Occidental as our largest customer and the owner of our general partner, any development that materially and adversely affects Occidental' s operations, financial condition, or market reputation could have a material and adverse impact on us.

Material adverse changes at Occidental could restrict our access to capital, make it more expensive to access the capital markets, or increase the costs of our borrowings. We are dependent on Occidental as our largest customer and the owner of our general partner, and we expect to derive significant revenue from Occidental for the foreseeable future. As a result, any event, whether in our area of operations or otherwise, that adversely affects Occidental' s production, financial condition, leverage, market reputation, liquidity, results of operations, or cash flows may adversely affect our revenues **, leverage,** and cash available for distribution. Accordingly, we are indirectly subject to the business risks of Occidental, including, but not limited to, the volatility of oil and natural- gas prices, the availability of capital on favorable terms to fund Occidental' s exploration and development activities, the political and economic uncertainties associated with Occidental' s foreign operations, transportation- capacity constraints, and shareholder activism. Further, we are subject to the risk of non- payment or non- performance by Occidental, including with respect to our gathering and transportation agreements. We cannot predict the extent to which Occidental' s business would be impacted if conditions in the energy industry were to deteriorate, nor can we estimate the impact such conditions would have on Occidental' s ability to perform under its commercial agreements with us. Accordingly, any material non- payment or non- performance by Occidental could reduce our ability to make distributions to our unitholders. Any material limitations to our ability to access capital as a result of adverse changes at Occidental could limit our ability to obtain future financing on favorable terms, or at all, or could result in increased financing costs in the future. Similarly, material adverse changes at Occidental could adversely impact our unit price, thereby limiting our ability to raise capital through equity issuances or debt financing, or adversely affect our ability to engage in or expand or pursue our business activities ~~,~~ and also prevent us from engaging in certain transactions that might otherwise be considered beneficial to us. See Occidental' s reports filed under the Securities and Exchange Act of 1934, as amended, with the SEC (which are not, and shall not be deemed to be, incorporated by reference herein), for a full discussion of the risks associated with Occidental' s business. Occidental' s ownership of our general partner may result in conflicts of interest. Occidental owns our general partner. Occidental' s ownership of our general partner may result in conflicts of interest. The directors and officers of our general partner and its affiliates have duties to manage our general partner in a manner that is beneficial to Occidental. At the same time, our general partner has duties to manage us in a manner that is beneficial to our unitholders. Therefore, our general partner' s duties to us may conflict with the duties of its officers and directors to Occidental. As a result of these conflicts of interest, our general partner may favor the interests of Occidental or its owners or affiliates over the interest of our unitholders. Our future prospects depend **, in part,** on Occidental' s growth strategy, midstream operational philosophy, and drilling program, including the level of drilling and completion activity by Occidental on acreage dedicated to us. Additional conflicts also may arise in the future associated with future business opportunities that are pursued by Occidental and us. For example, Occidental is not prohibited from owning assets or engaging in businesses that directly or indirectly compete with us. Any future credit- rating downgrade could negatively impact our cost of and ability to access capital. Our costs of borrowing and ability to access the capital markets are affected by market conditions and the credit rating assigned to WES Operating' s debt by the major credit rating agencies. Any future downgrades in WES Operating' s credit ratings could adversely affect WES Operating' s ability to issue debt **, including commercial paper,** in the public debt markets and negatively impact our cost of capital, future interest costs, and ability to effectively execute aspects of our business strategy. For example, WES Operating currently has $ ~~3~~ **2** . ~~1~~ **8** billion of outstanding senior notes that provide for changes to the coupon rates following changes in WES Operating' s credit ratings. Future credit- rating downgrades also could trigger obligations to provide financial assurance of our performance under certain contractual arrangements. We may be required to post collateral in the form of letters of credit or cash as financial assurance of our performance under certain contractual arrangements, such as pipeline transportation contracts and NGLs and gas- sales contracts. At December 31, ~~2022~~ **2023** , there were $ 5. 1 million in letters of credit or cash- provided assurance of our performance under contractual arrangements with credit- risk- related contingent features. Sustained low natural- gas, NGLs, or oil prices and volatility of such prices could adversely affect our business. Sustained low natural- gas, NGLs, or oil prices impact natural- gas and oil exploration and production activity levels and can result in a decline in the production of hydrocarbons over the medium to long term, resulting in reduced throughput on our systems. Such declines also potentially affect the ability of our vendors, suppliers, and customers to continue operations. As a result, sustained lower natural- gas and crude- oil prices could have a material adverse effect on our business, results of operations, financial condition, and our ability to pay cash distributions to our unitholders. In general terms, the prices of natural gas, oil, condensate, NGLs, and other hydrocarbon products fluctuate in response to changes in supply and demand, market uncertainty, and a variety of additional factors that are beyond our control. For example, during 2020, oil and natural- gas prices were negatively impacted by the worldwide macroeconomic downturn that followed the global outbreak of COVID- 19. Although commodity prices have recovered from those lows, they remain subject to volatility that could negatively impact our and our customers' financial outlooks and activity levels. Because of the natural decline in production from existing wells, our success depends on our ability to compete for new sources of oil and natural- gas throughput, which is dependent on certain factors beyond our control. Any decrease in the volumes that we gather, process, treat, and transport could affect our business and operating results adversely. The volumes that support our business are dependent on, among other things, the level of production from natural- gas and oil wells connected to our gathering systems and processing and treating facilities. This production will naturally decline over time. As a result, our cash flows associated with production from these wells also will decline over time. To maintain or increase throughput levels on our systems, we must obtain new sources of oil and natural- gas throughput. The primary factors affecting our ability to obtain sources of oil and natural- gas throughput include (i) the level of successful drilling activity near our systems, (ii) our ability to compete for volumes from successful new wells to the extent such wells are not dedicated to our systems, and (iii) our ability to capture volumes currently gathered or processed by third parties. Our industry is highly competitive, and we compete with similar companies in our areas of operation. In addition, our customers, including Occidental, may develop their own midstream systems in lieu of using ours. While Occidental and other third- party producers have dedicated production from certain of its properties to us, we have no control over the level of drilling activity in our areas of operation, the amount of reserves associated with wells connected to our systems, or the rate at which production declines. We also have no control over producers or their drilling or production decisions, which are affected by, among other things, the availability and cost of capital, prevailing and projected commodity prices, demand for hydrocarbons, levels of reserves, geological considerations, governmental regulations, the availability of drilling rigs, and other production and development costs. Sustained reductions in exploration or production activity in our areas of operation would lead to reduced utilization of our gathering, processing, and treating assets. Because of these factors, producers (including Occidental) may be deterred from developing known oil and natural- gas reserves existing in areas served by our assets. Moreover, Occidental and other third- party producers may not develop the acreage it has dedicated to us. If competition or reductions in drilling activity result in our inability to maintain the current levels of throughput on our systems, it could reduce our revenue and impair our ability to make cash distributions to our unitholders. Our profitability may be negatively impacted by inflation in the cost of labor, materials, and services. Although inflation in the United States has **declined during 2023** ~~been relatively low in recent years~~ , the ~~U. S. economy currently is experiencing~~ **prices of key inputs to the midstream industry have continued to be** ~~significant~~ **significantly impacted by** inflation relative to historical **levels** ~~precedent from, among other things, supply- chain disruptions caused by, or governmental stimulus or fiscal policies adopted in response to, the COVID- 19 crisis and in connection with the war in Ukraine~~ . **This** ~~More specifically, the bottlenecks and disruptions from the lingering effects of the COVID- 19 crisis have caused difficulties within the U. S. and global supply chains, creating logistical delays along with labor shortages. Continued~~ **continued** inflation has raised our costs for **steel products, automation components, power supply,** labor ~~,~~ materials, fuel **, chemicals** , and services, thereby increasing our operating costs and capital expenditures, and these costs may continue to increase. While we cannot predict any future trends in the rate of inflation, **sustained or** ~~the aforementioned factors have brought significant uncertainty to the near- term economic outlook. Further~~ **further** increases in inflation ~~would raise our costs for labor, materials, fuel, and services, and to the extent we are unable to recover higher costs through our commercial agreements,~~ would negatively impact our profitability and cash flows available for distribution to unitholders **to the extent we are unable to recover such higher costs through our commercial agreements** . The amount of cash we have available for distribution to holders of our common units depends primarily on our cash flows rather than on our profitability, and we may not have sufficient cash from operations following the establishment of cash reserves and payment of fees and expenses to enable us to pay distributions at previously announced levels to holders of our common units, or at all, even during periods in which we record net income. The amount of cash we have available for distribution primarily depends on our cash flows and not solely on profitability as determined by GAAP, which will be affected by non- cash items. As a result, we may make cash distributions for periods in which we record losses for financial accounting purposes and may not make cash distributions for periods in which we record net earnings for financial accounting purposes. To pay the announced fourth- quarter ~~2022~~ **2023** distribution of $ 0. ~~50000~~ **57500** per unit per quarter, or $ 2. ~~00000~~ - **30000** per unit per year, we require per- quarter available cash of $ ~~196~~ **223. 4 million, or $ 893** . 6 ~~million, or $ 786. 4~~ million per year, based on the number of common units outstanding at February 1, ~~2023~~ **2024** . We may not have sufficient available cash from operating surplus each quarter to enable us to pay distributions at currently announced levels. The amount of cash we can distribute on our units principally depends on the amount of cash we generate from our operations, which will fluctuate from quarter to quarter. Certain of our natural- gas processing agreements provide our producer customers with contractually specified NGL recoveries that, under expected operating conditions, may generate commodity price exposure and could, under certain circumstances, generate financial or physical- delivery obligations for us. Under certain of our natural- gas processing agreements, we provide our producer customers with contractually specified NGL recoveries. To the extent actual recoveries exceed the contractually specified recoveries, we retain the excess NGL volumes and sell such volumes for our own account along with NGL and natural- gas volumes retained by us under our percent- of- proceeds and keep- whole processing agreements, bearing commodity- price risk on these volumes. Conversely, if actual plant recoveries are below the contractually specified recoveries, we would still be obligated to deliver the contractually fixed amount of NGLs (or in some cases, the financial equivalent thereof) to such customers. For this reason, our inability to efficiently operate our natural- gas processing facilities could result in diminished NGL sale proceeds for our account, or could result in losses when we settle shortfalls between actual and contractually specified recoveries with our customers. Accordingly, the failure to achieve operational plant efficiency to support the contractually specified recoveries could negatively impact our profitability and cash flows available for distribution to unitholders. We are exposed to the credit risk of third- party customers, and any material non- payment or non- performance by these parties, including with respect to our gathering, processing, transportation, and disposal agreements, could reduce our ability to make distributions to our unitholders. **Across** ~~On some of~~ our ~~systems~~ **asset portfolio** , we rely on third- party customers for **a** ~~substantially~~ -- **substantial** ~~all~~ **amount** of our revenues ~~related to those assets~~ . The loss of a portion or all of these customers' contracted volumes, as a result of competition, creditworthiness, inability to negotiate extensions, replacements of contracts, or otherwise, could reduce our ability to make cash distributions to our unitholders. Further, to the extent any of our third- party customers is in financial distress or enters bankruptcy proceedings, the related customer contracts may be renegotiated at lower rates or altogether rejected. Implementation of Colorado Senate Bill 19- 181 may increase costs and limit oil and natural- gas exploration and production operations in the state, which could have a material adverse effect on our customers in Colorado and significantly reduce demand for our services in the state. On April 16, 2019, Senate Bill 19- 181 was signed into law in Colorado. This legislation reforms oversight of oil and natural- gas exploration and production activities in the state. The mission of the Colorado Oil and Gas Conservation Commission **, now renamed as the Energy & Carbon Management Commission** (" ~~COGCC~~ **ECMC** ") **,** has changed from fostering energy development in the state to regulating the industry in a manner that is protective of public health and safety and the environment. The new legislation also authorizes Colorado cities and counties to assume an increased role in regulating oil and natural- gas operations within their jurisdictions in a manner that may be more stringent than state- level rules. Effective January 15, 2021, ~~COGCC~~ **the ECMC** began implementing the new Senate Bill 19- 181 rules that include a unified permitting process, increased setbacks from schools, limitations on venting and flaring, enhanced wildlife protections, and, in conjunction with the Colorado Department of Public Health and Environment, requirements to evaluate the cumulative impacts of oil and gas operations. ~~Additional~~ **Since July 2019, the ECMC has conducted rulemaking hearings to adopt rules required in the bill, and adopted rules in 2019, 2020 and 2021 to implement the provisions of** Senate Bill 19- 181 ~~rulemakings may be expected~~ **. Rules adopted include those related to wellbore integrity, financial assurance, worker certification, and the like** . Operators are adjusting to the new requirements, but are experiencing delayed drilling permit issuance and potentially will face increased operating costs, which could have a material adverse effect on our customers in Colorado, which in turn could reduce statewide demand for our midstream services significantly. Changes in laws or regulations regarding hydraulic fracturing could result in increased costs, operating restrictions, or delays in the completion of oil and natural- gas wells, which could decrease the need for our gathering and processing services. While we do not conduct hydraulic fracturing, our oil and natural- gas exploration and production customers do conduct such activities. Hydraulic fracturing is an essential and common practice used by many of our customers to stimulate production of natural gas and oil from dense subsurface rock formations such as shales. Hydraulic fracturing is typically regulated by state oil and natural- gas commissions, but several federal agencies, including the EPA and the BLM, also have asserted regulatory authority over, proposed or promulgated regulations governing, and conducted investigations relating to certain aspects of the hydraulic- fracturing process. At the state level, some states have adopted, and others are considering adopting, legal requirements that could impose more stringent disclosure, permitting, or well- construction requirements on hydraulic- fracturing operations, and states could elect to prohibit high- volume hydraulic fracturing altogether, following the approach taken by the State of New York. Local governments also may seek to adopt ordinances within their jurisdictions regulating the time, place, and manner of drilling activities in general or hydraulic- fracturing activities in particular. If new or more- stringent federal, state, or local legal restrictions, prohibitions or regulations, or ballot initiatives relating to the hydraulic- fracturing process are adopted in areas where our oil and natural- gas exploration and production customers operate, those customers could incur potentially significant added costs to comply with such requirements and experience delays or curtailment in the pursuit of exploration, development, or production activities, which could reduce demand for our gathering and processing services. Moreover, increased regulation of the hydraulic- fracturing process also could lead to greater opposition to, and litigation over, oil and natural- gas production activities using hydraulic- fracturing techniques. Any one or more of these developments could have a material adverse effect on our business, financial condition, and results of operations. Adoption of new or more stringent legal standards relating to induced seismic activity associated with produced- water disposal could affect our operations. We dispose of produced water generated from oil and natural- gas production operations. The legal requirements related to the disposal of produced water into producing or non- producing geologic formation by means of underground injection wells are subject to change based on concerns of the public or governmental authorities, including concerns relating to recent seismic events near injection wells used for the disposal of produced water. In response to such concerns, regulators in some states have imposed, or are considering imposing, additional requirements in the permitting of produced- water disposal wells or are otherwise investigating the existence of a relationship between seismicity and the use of such wells. These developments could result in additional regulation and restrictions on our use of injection wells to dispose of produced water, including a possible shut down of wells, which could have a material adverse effect on our business, financial condition, and results of operations. Adverse developments in our geographic areas of operation could disproportionately impact our business, results of operations, financial condition, and ability to make cash distributions to our unitholders. Our business and operations are concentrated in a limited number of producing areas. Due to our limited geographic diversification, adverse operational developments, regulatory or legislative changes, or other events in an area in which we have significant operations could have a greater impact on our business, results of operations, financial condition, and ability to make cash distributions to our unitholders than if our operations were more diversified. Our indebtedness may limit our ability to capitalize on acquisitions and other business opportunities or our flexibility to obtain financing. The operating and financial restrictions and covenants in the indentures governing our publicly traded notes, (collectively, the " Notes ") ~~or~~ **,** the RCF, and any future financing arrangements could restrict our ability to finance future operations or capital needs or to expand or pursue business activities associated with our subsidiaries and equity investments. See Part II, Item 7 of this Form 10- K for a further discussion of the terms of the RCF ~~and~~ **,** Notes **, and the commercial paper program** . Furthermore, our indebtedness and related debt- service costs could impair our ability to obtain additional financing, reduce funds available for operations and business opportunities, make us more vulnerable to competitive pressures or market downturns, and limit our financial and operational flexibility. Our ability to service our debt will depend on, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory, and other factors, some of which are beyond our control. If our operating results are not sufficient to service indebtedness in the future, we will be forced to take actions such as reducing distributions; reducing or delaying our business activities, acquisitions, investments, or capital expenditures; selling assets; or seeking additional equity capital. We may not be able to execute any of these actions on satisfactory terms or at all. We may not be able to obtain funding on acceptable terms or at all. This may hinder or prevent us from meeting our future capital needs. Global financial markets and economic conditions have been, and continue to be, volatile, especially for companies involved in the oil and gas industry. While the oil and gas industry has rebounded from the lows seen in 2020, the repricing of credit risk and the relatively weak industry conditions in recent years have made, and will likely continue to make, it difficult for some entities to obtain funding. Future downturns in our industry could increase our cost of obtaining financing from the credit markets as a result of increased rates of return required by many lenders and institutional investors. In such a situation, our lenders could tighten lending standards, refuse to provide funding on terms similar to our current debt, or reduce, or in some cases, refuse to provide funding. Further, we may be unable to obtain adequate funding under the RCF if our lending counterparties become unable to meet their funding obligations. Due to these factors, we cannot be certain that funding will be available if needed and to the extent required on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, we may be unable to execute our business plans, complete acquisitions or otherwise take advantage of business opportunities, or respond to competitive pressures, any of which could have a material adverse effect on our financial condition, results of operations, cash flows, and ability to make cash distributions to our unitholders. Our failure to maintain an adequate system of internal control over financial reporting could adversely affect our ability to accurately report our results. Management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with GAAP. A material weakness is a deficiency, or a combination of deficiencies, in our internal controls that result in a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Effective internal control is necessary for us to provide reliable financial reports and deter and detect any material fraud. If we cannot provide reliable financial reports or prevent material fraud, our reputation and operating results will be harmed. Our efforts to develop and maintain our system of internal controls and to remediate material weaknesses in our controls may not be successful, and we may be unable to maintain adequate control over our financial processes and reporting in the future, including future compliance with the obligations under Section 404 of the Sarbanes- Oxley Act of 2002. Any failure to develop or maintain effective controls, or difficulties encountered in their implementation or other effective improvement of our internal controls, could harm our operating results. Ineffective internal control also could cause investors to lose confidence in our reported financial information. Our business could be negatively affected by security threats, including cyber- threats, and other disruptions. We face various security threats, including cyber- threats to the security of our facilities and infrastructure, attempts to gain unauthorized access to sensitive information or to render data or systems unusable, and terrorist acts. Additionally, destructive forms of protests by activists and other disruptions, including acts of sabotage or eco- terrorism, against oil and natural- gas- related activities could potentially result in damage or injury to persons, property, or the environment, or lead to extended interruptions of our or our customers' operations. Our implementation of procedures and controls to monitor and mitigate security threats and to increase security for our facilities, infrastructure, and information may result in increased costs. There can be no assurance that such procedures and controls will be sufficient to prevent security breaches from occurring. Cyber- attacks, in particular, are becoming more sophisticated and include malicious software intended to gain unauthorized access to data and systems, electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information, and corruption of data. For example, the gathering, processing, treating, and transportation of natural gas from our gathering systems, processing facilities, and pipelines are dependent on communications among our facilities and with third- party systems that may be delivering natural gas into or receiving natural gas and other products from our facilities. Disruption of those communications, whether caused by cyber- attacks or otherwise, may disrupt our ability to deliver natural gas and control these assets. There is no assurance that we will not suffer material losses from future cyber- attacks, and as such threats continue to evolve, we may be required to expend additional resources to continue to modify or enhance our protective measures or to investigate or remediate any cyber vulnerabilities. Any terrorist or cyber- attack against, or other disruption of, our assets or computer systems could have a material adverse effect on our business, results of operations, financial condition, and our ability to make cash distributions to our unitholders. We typically do not obtain independent evaluations of hydrocarbon reserves connected to our systems. Therefore, in the future, throughput on our systems could be less than we anticipate. We typically do not obtain independent evaluations of hydrocarbon reserves connected to our systems. Accordingly, we do not have independent estimates of total reserves connected to our systems or the anticipated life of such reserves. If the total reserves or estimated life of the reserves connected to our systems are less than we anticipate, or the timeline for the development of reserves is greater than we anticipate, and we are unable to secure additional sources of oil and natural gas, there could be a material adverse effect on our business, results of operations, financial condition, and our ability to make cash distributions to our unitholders. Our results of operations could be adversely affected by asset impairments. If commodity prices decrease, and producer activity reduces accordingly, we may be required to write down the value of our midstream properties if the estimated future cash flows from these properties fall below their respective net book values. Because we are a related party of Occidental, the assets we previously acquired from Anadarko were recorded at Anadarko' s carrying value prior to the transaction. ~~Accordingly, we may be at an increased risk for impairments because the initial book values of a substantial portion of our assets do not have a direct relationship with, and in some cases could be significantly higher than, the consideration paid to acquire such assets.~~ See the discussion of material impairments in Note 9 — Property, Plant, and Equipment in the Notes to Consolidated Financial Statements under Part II, Item 8 of this Form 10- K. If third- party pipelines or other facilities interconnected to our gathering, transportation, treating, or processing systems become partially or fully unavailable, or if the volumes we gather or transport do not meet the quality requirements of such pipelines or facilities, our revenues and cash available for distribution could be adversely affected. Our gathering, transportation, treating, and processing systems are connected to other pipelines or facilities, the majority of which are owned by third parties. The continuing operation of such third- party pipelines or facilities is not within our control. If any of these pipelines or facilities becomes unable to transport, treat, store, or process crude oil, natural gas, or NGLs, or if the volumes we gather or transport do not meet the quality requirements of such pipelines or facilities, our revenues and cash available for distribution could be adversely affected. If production is shut- in for these or for other reasons, affected producers may become insolvent or seek to avoid their contractual obligations with us, in which case, our earnings, cash flows from operations, and ability to make cash distributions to our unitholders could be materially and adversely impacted. A change in the jurisdictional characterization of some of our assets by federal, state, or local regulatory agencies or a change in policy by those agencies could result in increased regulation of our assets, which could cause our revenues to decline and operating expenses to increase. We believe that our gas- gathering systems meet the traditional tests FERC has used to determine if a pipeline is a gas- gathering pipeline and is, therefore, not subject to FERC jurisdiction. FERC, however, has not made any determinations with respect to the jurisdictional status of any of these gas- gathering systems. The distinction between FERC-regulated transmission services and federally unregulated gathering services has been the subject of ongoing litigation and, over time, FERC policy concerning which activities it regulates and which activities are excluded from its regulation has changed. State regulation of gathering facilities generally includes various safety, environmental and, in some circumstances, nondiscriminatory take requirements and complaint- based rate regulation. In recent years, FERC has regulated the gas-gathering activities of interstate pipeline transmission companies more lightly, which has resulted in a number of such companies transferring gathering facilities to unregulated affiliates. As a result of these activities, natural- gas gathering may begin to receive greater regulatory scrutiny at the state and federal levels. FERC makes jurisdictional determinations for natural-gas gathering and liquids lines on a case- by- case basis. The classification and regulation of our pipelines are subject to change based on future determinations by FERC, the courts, or Congress. A change in the jurisdictional characterization of some of our assets by federal, state, or local regulatory agencies or a change in policy by those agencies could result in increased regulation of our assets, which could cause our revenues to decline and operating expenses to increase. For additional information, read Regulation of Operations – Natural- Gas Gathering Pipeline Regulation under Items 1 and 2 of this Form 10- K. Adoption of new or more stringent climate- change or other air- emissions legislation or regulations restricting emissions of GHGs or other air pollutants could negatively impact us, our producer customers, or downstream customers by increasing operating costs and reducing volumetric throughput on our systems due to reduced demand for the gathering, processing, compressing, treating, and transporting services we provide. The threat of climate change continues to attract considerable attention in the United States and foreign countries. Numerous proposals have been made and could continue to be made at the international, national, regional, and state levels of government to monitor and limit emissions of GHGs, as well as to restrict or eliminate such future emissions. Further, new legislation, policies, or regulations may inhibit development plans of our producer customers, which could result in lower volumes transported across our assets. Changes to climate- change or other air- emissions laws and regulations, or reinterpretations of enforcement or other guidance with respect thereto, that govern the areas in which we operate may impact our operations negatively by increasing our compliance costs and the compliance costs of our customers. In addition, in response to concerns related to climate change, companies in the fossil fuel sector may be exposed to increasing financial risks. Financial institutions, including investment advisors and certain sovereign wealth, pension and endowment funds, may elect in the future to shift some or all of their investment into non- fossil fuel related sectors. A material reduction in capital available to the energy industry could make it more difficult to secure funding for exploration, development, production, and transportation activities, which could result in decreased demand for our services, or difficulty in securing capital for new construction projects. For additional information read, “ Environmental Matters ” under Items 1 and 2 of this Form 10- K. Federal and state legislative and regulatory initiatives relating to pipeline safety and integrity management that require the performance of ongoing assessments and implementation of preventive measures, the use of new or more- stringent safety controls or result in more- stringent enforcement of applicable legal requirements could subject us to increased capital costs, operational delays, and costs of operation. Legislation adopted in recent years has resulted in more- stringent mandates for pipeline safety and has charged PHMSA with developing and adopting regulations that impose increased pipeline- safety requirements on pipeline operators. For instance, pursuant to its authority under federal law, PHMSA has promulgated regulations requiring pipeline operators to develop and implement integrity- management programs for certain gas and hazardous liquid pipelines that, in the event of a pipeline leak or rupture, could affect HCAs, which are areas where a release could have the most significant adverse consequences, including high- population areas, certain drinking water sources, and unusually sensitive ecological areas. These regulations require the operators of covered pipelines to, among other things, perform ongoing assessments of pipeline integrity and implement preventive and mitigating actions. The imposition of new pipeline safety or integrity management requirements pursuant to existing federal laws or any issuance or reinterpretation of guidance by PHMSA or any state agencies with respect thereto could require us to install new or modified safety controls, pursue additional capital projects, or conduct maintenance programs on an accelerated basis, any or all of which could result in our incurring increased capital expenditures and operating costs that could have a material adverse effect on our results of operations or financial position. For additional information regarding PHMSA regulations, read Regulation of Operations — Natural- Gas Gathering Pipeline Regulation under Items 1 and 2 of this Form 10- K. Additionally, while states are largely preempted by federal law from regulating pipeline safety for interstate lines, most are certified by PHMSA to assume responsibility for enforcing federal intrastate pipeline regulations and inspection of intrastate pipelines. In practice, because states can adopt stricter standards for intrastate pipelines than those imposed by the federal government for interstate lines, states vary considerably in their authority and capacity to address pipeline safety. Moreover, PHMSA and one or more state regulators, including the Texas Railroad Commission, have expanded the scope of their regulatory inspections in recent years to include certain in- plant equipment and pipelines found within NGLs fractionation facilities and associated storage facilities, to assess compliance with hazardous liquids pipeline safety requirements. To the extent that PHMSA and / or state regulatory agencies are successful in asserting their jurisdiction in this manner, midstream operators of NGLs fractionation facilities and associated storage facilities may be required to make operational changes or modifications at their facilities to meet standards beyond current OSHA and EPA requirements, where such changes or modifications may result in additional capital costs, possible operational delays, and increased costs of operation that, in some instances, may be significant. Some portions of our pipeline systems have been in service for several decades, and we have a limited ownership history with respect to certain of our assets. There also could be unknown events or conditions, or increased maintenance or repair expenses, and downtime associated with our pipelines that could have a material adverse effect on our business and results of operations. Some portions of the pipeline systems that we operate were in service for many decades, prior to our purchase of these systems. Consequently, there may be historical occurrences or latent issues regarding our pipeline systems that **we** ~~our executive management~~ may be unaware of and that may have a material adverse effect on our business and results of operations. The age or condition of our pipeline systems also could result in increased maintenance or repair expenditures, and any downtime associated with increased maintenance and repair activities could materially reduce our revenue. In addition, we may be unable to complete maintenance or repairs due to the unavailability of necessary materials as a result of supply chain disruptions (including those caused by ~~COVID- 19 lockdowns or~~ geopolitical events, such as the Russian invasion of Ukraine), which may result in the suspension of operations of the impacted assets until such activities can be completed. Any significant increase in maintenance and repair expenditures, loss of revenue due to the age or condition of our pipeline systems, or delays in completing necessary maintenance or repairs could adversely affect our business and results of operations. We are subject to stringent and comprehensive environmental laws and regulations that may expose us to significant costs and liabilities. Our operations are subject to stringent and comprehensive federal, tribal, state, and local environmental laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. These environmental laws and regulations may impose numerous obligations that are applicable to our operations, including: (i) the acquisition of permits to conduct regulated activities; (ii) restrictions on the types, quantities, and concentrations of materials that can be released into the environment; (iii) limitations on the generation, management, and disposal of wastes; (iv) limitations or prohibitions of construction and operating activities in environmentally sensitive areas such as wetlands, urban areas, wilderness regions, and other protected areas; (v) requiring capital expenditures to limit or prevent releases of materials from our pipelines and facilities; and (vi) imposition of substantial restoration and remedial liabilities and obligations with respect to abandonment of facilities and for pollution resulting from our operations or existing at our owned or operated facilities. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly remedial or corrective actions. Failure to comply with these laws, regulations, and permits or any newly adopted legal requirements may result in the assessment of sanctions, including administrative, civil, and criminal penalties, the imposition of investigatory, remedial or corrective action obligations, the incurrence of capital expenditures, the occurrence of delays or cancellations in the permitting, development or expansion of projects, and the issuance of injunctions limiting or preventing some or all of our operations in particular areas. We may incur significant environmental costs and liabilities in connection with our operations due to our handling of natural gas, crude oil, NGLs, and other petroleum products, because of pollutants from our operations emitted into ambient air or discharged or released into surface water or groundwater, and as a result of historical industry operations and waste- disposal practices. For example, an accidental release as a result of our operations could subject us to substantial liabilities arising from environmental cleanup and restoration costs, claims made by owners of the properties through which our gathering or transportation systems pass, neighboring landowners, and other third parties for personal injury, natural- resource and property damages, and fines or penalties for related violations of environmental laws or regulations. Joint and several strict liabilities may be incurred, without regard to fault, under certain of these environmental laws and regulations. In addition, stricter laws, regulations, or enforcement policies could increase our operational or compliance costs and the costs of any restoration or remedial actions that may become necessary, which could have a material adverse effect on our results of operations or financial condition. The adoption of any laws, regulations, or other legally enforceable mandates could increase our oil and natural- gas exploration and production customers' operating and compliance costs and reduce the rate of production of oil or natural gas by operators with whom we have a business relationship, which could have a material adverse effect on our results of operations and cash flows. Our construction of new assets is subject to regulatory, environmental, political, legal, and economic risks, which could adversely affect our results of operations and financial condition. One of the ways we intend to grow our business is through the construction of new midstream assets. The construction of additions or modifications to our existing systems and the construction of new midstream assets involve numerous regulatory, environmental, political, and legal uncertainties that are beyond our control. These uncertainties also could affect downstream assets, which we do not own or control, but which are critical to certain of our growth projects. Delays in the completion of new downstream assets, or the unavailability of existing downstream assets, due to environmental, regulatory, or political considerations, could have an adverse impact on the completion or utilization of our growth projects. In addition, construction activities could be subject to state, county, and local ordinances that restrict the time, place, or manner in which those activities may be conducted. If we undertake these projects, they may not be completed on schedule, at the budgeted cost, or at all. In addition, we could construct facilities to capture anticipated future growth in production in a region in which such growth does not materialize. We **may fail to successfully combine our business with the assets and business of Meritage, which could have an adverse impact on our future results. The Meritage acquisition closed on October 13, 2023. The integration of these acquired assets involve potential risks, including the failure to realize expected profitability, growth, or accretion; environmental or regulatory compliance matters or liabilities; diversion of management' s attention from our existing business; and the incurrence of unanticipated liabilities and costs for which indemnification is unavailable or inadequate. If any of the risks described above or other anticipated or unanticipated liabilities were to materialize, it could have an adverse effect on our business, financial condition, and results of operations. We** are subject to increased scrutiny from institutional investors with respect to our governance structure and the social cost of our industry, which may adversely impact our ability to raise capital from such investors. In recent years, certain institutional investors, including public pension funds, have placed increased importance on the implications and social cost of environmental, social, and governance (" ESG ") matters. ESG initiatives generally seek to divert investment capital from companies involved in certain industries or with disfavored governance structures. The energy industry as a whole has received the attention of such activists, as have companies with our partnership governance model. Investors' increased focus and activism related to ESG and similar matters may constrain our ability to raise capital. Any material limitations on our ability to access capital as a result of such scrutiny could limit our ability to obtain future financing on favorable terms, or at all, or could result in increased financing costs in the future. Similarly, such activism could negatively impact our unit price, limiting our ability to raise capital through equity issuances or debt financing, or could negatively affect our ability to engage in, expand or pursue our business activities, and could also prevent us from engaging in certain transactions that might otherwise be considered beneficial to us. We have partial ownership interests in several joint- venture legal entities that we do not operate or control. As a result, among other things, we may be unable to control the amount of cash we receive or retain from the operation of these entities, and we could be required to contribute significant cash to fund our share of joint- venture operations, which could affect our ability to distribute cash to our unitholders adversely. Our inability, or limited ability, to control the operations and / or management of joint- venture legal entities in which we have a partial ownership interest may result in our receiving or retaining less cash than we expect. We also may be unable, or limited in our ability, to cause any such entity to effect significant transactions such as large expenditures or contractual commitments, the construction or acquisition of assets, or the borrowing of money. In addition, for the equity investments in which we have a minority ownership interest, we are unable to control ongoing operational decisions, including the incurrence of capital expenditures or additional indebtedness that we may be required to fund. Further, the other owners of our equity investments may establish reserves for working capital, capital projects, environmental matters, and legal proceedings, that would similarly reduce the amount of cash available for distribution. Any of the above could **adversely** impact our ability to make cash distributions to our unitholders ~~adversely~~ . Further, in connection with the acquisition of our membership interest in Chipeta, we became party to the Chipeta LLC agreement. Among other things, the Chipeta LLC agreement provides that to the extent available, Chipeta will distribute available cash, as defined in the Chipeta LLC agreement, to its members quarterly in accordance with those members' membership interests. Accordingly, we are required to distribute a portion of Chipeta' s cash balances, which are included in the cash balances in our consolidated balance sheets, to the other Chipeta member. We do not own all of the land on which our pipelines and facilities are located, which could result in disruptions to our operations. We do not own all of the land on which our pipelines and facilities have been constructed, and we therefore are, subject to the possibility of more onerous terms and / or increased costs to retain necessary land use if we do not have valid rights- of- way or if such rights- of- way lapse or terminate. Any loss of rights with respect to our real property, through our inability to renew existing rights- of- way contracts or otherwise, could have a material adverse effect on our business, results of operations, financial position, and ability to make cash distributions to our unitholders. Our business involves many hazards and operational risks, some of which may not be fully covered by insurance. If a significant accident or event occurs for which we are not fully insured, our operations and financial results could be adversely affected. Our operations are subject to all of the risks and hazards inherent in gathering, processing, compressing, treating, and transporting natural gas, crude oil, NGLs, and produced water, including (i) damage to our assets and surrounding properties and disruption of our operations as a result of weather, natural disasters, or acts of terrorism; (ii) inadvertent damage from construction, farm, and utility equipment; (iii) leaks or losses of hydrocarbons or produced water; (iv) fires and explosions; and (v) other hazards that could also result in personal injury, loss of life, pollution, property or natural resource damages, and / or curtailment or suspension of operations. These risks could result in substantial losses due to personal injury and / or loss of life, severe damage to and destruction of property and equipment, and pollution or other environmental or natural- resource damage. These risks also may result in curtailment or suspension of our operations. A natural disaster or other hazard affecting the areas in which we operate could have a material adverse effect on our operations. We are not fully insured against all risks that may occur in our business. In addition, although we are insured for environmental pollution resulting from environmental accidents that occur on a sudden and accidental basis, we may not be insured against all environmental accidents that might occur, some of which may result in toxic tort claims. If a significant accident or event occurs for which we are not fully insured, it could adversely affect our operations and financial condition. Furthermore, we may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies may substantially increase. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. Additionally, we may be unable to recover from prior owners of our assets, pursuant to certain indemnification rights, for potential environmental liabilities. RISKS INHERENT IN AN INVESTMENT IN US ~~A reduction in Occidental' s ownership interest in us may reduce its incentive to support our operations. As discussed in WES and WES Operating' s Relationship with Occidental Petroleum Corporation in Part I, Items 1 and 2 of this Form 10- K, we believe that one of our principal strengths is our affiliation with Occidental and that Occidental, through its significant economic interest in us, will continue to pursue projects that enhance the value of our business. To the extent Occidental' s net interest in us declines through the sale of its holdings or otherwise, Occidental may be less incentivized to support the continued growth of our business. Accordingly, a decrease in Occidental' s net holdings in us could have a material adverse effect on our business, results of operations, financial position, and ability to grow or make cash distributions to our unitholders.~~ Our general partner' s liability regarding our obligations is limited. Our general partner has included provisions in its and our contractual arrangements that limit its liability so that the counterparties to such arrangements have recourse only against our assets and not against our general partner or its assets. Our general partner may, therefore, cause us to incur indebtedness or other obligations that are nonrecourse to our general partner. Our partnership agreement provides that any action taken by our general partner to limit its liability is not a breach of our general partner' s duties, even if we could have obtained more favorable terms without the limitation on liability. In addition, we are obligated to reimburse or indemnify our general partner to the extent that it incurs obligations on our behalf. Any such reimbursement or indemnification payments would reduce the amount of cash otherwise available for distribution to our unitholders. Our partnership agreement limits our general partner' s fiduciary duties to holders of our common units and restricts the remedies available to holders of our common units for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty. Our partnership agreement contains provisions that modify and reduce the fiduciary standards to which our general partner otherwise would be held by state fiduciary duty law. For example, our partnership agreement permits our general partner to make a number of decisions in its individual capacity, as opposed to in its capacity as our general partner, or otherwise free of fiduciary duties to us and our unitholders. This entitles our general partner only to consider the interests and factors that it desires and relieves it of any duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates, or our limited partners. By purchasing a common unit, a common unitholder agrees to become bound by the provisions in the partnership agreement, including the above- described provisions. Furthermore, our partnership agreement contains provisions that restrict the remedies available to unitholders for actions taken by our general partner that might otherwise constitute breaches of fiduciary duty under state fiduciary duty law. For example, our partnership agreement: • provides that whenever our general partner makes a determination or takes, or declines to take, any other action in its capacity as our general partner, our general partner is required to make such determination, or take or decline to take such other action, in good faith, and will not be subject to any other or different standard imposed by our partnership agreement, Delaware law, or any other law, rule or regulation, or at equity; • provides that our general partner will not have any liability to us or our unitholders for decisions made in its capacity as a general partner so long as such decisions are made in good faith, meaning that it believed that the decision was in the best interest of the Partnership; • provides that our general partner and its officers and directors will not be liable for monetary damages to us, our limited partners or their assignees resulting from any act or omission unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or its officers and directors, as the case may be, acted in bad faith or engaged in fraud or willful misconduct or, in the case of a criminal matter, acted with knowledge that the conduct was criminal; and • provides that, in the absence of bad faith, our general partner will not be in breach of its obligations under the partnership agreement or its duties to us or our unitholders if a transaction with an affiliate or the resolution of a conflict of interest is approved in accordance with, or otherwise meets the standards set forth in, our partnership agreement. The general partner interest in us may be transferred to a third party without unitholder consent. Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of our unitholders. Furthermore, Occidental, the owner of our general partner, may transfer its ownership interest in our general partner to a third party, also without unitholder consent. Our new general partner or the new owner of our general partner would then be in a position to replace the Board and officers of our general partner and to control the decisions taken by the Board and officers. We may issue additional units without unitholder approval, which would dilute existing ownership interests. Our partnership agreement does not limit the number of additional limited partner interests that we may issue at any time without the approval of our unitholders. The issuance by us of additional common units or other equity securities of equal or senior rank will dilute our existing unitholders' ownership interests and voting strength ~~,~~ and may reduce the market price for our common units and cash available for distribution or increase the ratio of taxable income to distributions. The market price of our common units could be affected adversely by sales of substantial amounts of our common units in the public or private markets, including sales by Occidental or other large holders. We had ~~384~~ **379** , ~~070~~ **519** , ~~984~~ **983** common units outstanding as of December 31, ~~2022~~ **2023** . Occidental currently holds ~~190~~ **185** , ~~281~~ **181** , 578 common units, representing ~~49~~ **48** . ~~5~~ **8** % of our outstanding common units. Occidental' s shelf registration statement currently allows for the offer and sale of approximately 30. 3 million common units, or **8** ~~7. 9~~ % of our common units as of December 31, ~~2022~~ **2023** , from time to time. Sales by Occidental or other large holders of a substantial number of our common units in the public markets, or the perception that such sales might occur, could have a material adverse effect on the price of our common units or could impair our ability to obtain capital through an offering of equity securities. In addition, under our partnership agreement, our general partner and its affiliates, including Occidental, have registration rights relating to the offer and sale of any units that they hold, subject to certain limitations. Unitholders may have liability to repay distributions that were wrongfully distributed to them. Under certain circumstances, unitholders may have to repay amounts wrongfully returned or distributed to them. Under Section 17- 607 of the Delaware Revised Uniform Limited Partnership Act, we may not make a distribution to unitholders if the distribution would cause our liabilities to exceed the fair value of our assets. Delaware law provides that for a period of three years from the date of an impermissible distribution, limited partners who received the distribution and who knew at the time of the distribution that it violated Delaware law will be liable to the limited partnership for the impermissible distribution amount. Substituted limited partners are liable for the obligations of the assignor to make contributions to the partnership that were known to the substituted limited partner at the time it became a limited partner and for those obligations that were unknown if the liabilities could have been determined from the partnership agreement. Neither liabilities to partners on account of their partnership interest nor liabilities that are non- recourse to the partnership are counted for purposes of determining whether a distribution is permitted. Unitholders' liability may not be limited if a court finds that unitholder action constitutes control of our business. A general partner of a partnership generally has unlimited liability for the obligations of the partnership, except for those contractual obligations of the partnership that are expressly made without recourse to the general partner. Our partnership is organized under Delaware law, and we conduct business in a number of other states. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some of the other states in which we do business. A unitholder could be liable for any and all of our obligations as if that unitholder were a general partner if a court or government agency were to determine that we were conducting business in a state, but had not complied with that particular state' s partnership statute, or such unitholder' s right to act with other unitholders to remove or replace our general partner, to approve some amendments to our partnership agreement, or to take other actions under our partnership agreement constitute " control " of our business. TAX RISKS TO COMMON UNITHOLDERS Our taxation as a flow- through entity depends on our status as a partnership for U. S. federal income tax purposes, and our not being subject to a material amount of entity- level taxation by individual states. If the Internal Revenue Service (" IRS ") were to treat us as a corporation for federal income tax purposes or if we were to become subject to material additional amounts of entity- level taxation for state tax purposes, then our cash available for distribution to our unitholders could be reduced substantially. The anticipated after- tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for U. S. federal income tax purposes. Notwithstanding our status as a limited partnership under Delaware law, it is possible in certain circumstances for a partnership such as us to be treated as a corporation for federal income tax purposes unless it satisfies a " qualifying income " requirement and is not treated as an investment company. Based on our current operations, we believe that we satisfy the qualifying income requirement and are not treated as an investment company. Failing to meet the qualifying income requirement, being treated as an investment company, a change in our business activities, or a change in current law could cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity- level taxation. If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the applicable corporate tax rate and likely would pay state income tax at varying rates. Distributions to our unitholders generally would be taxed as corporate distributions, and no income, gains, losses, deductions, or credits would flow through to our unitholders. If we are subject to corporate taxation, our cash available for distribution to our unitholders would be reduced substantially. Likewise, our treatment as a corporation would result in a material reduction in the anticipated cash flows and after- tax return to our unitholders, likely causing a substantial reduction in the value of our common units. At the state level, several states have been evaluating ways to subject partnerships to entity- level taxation through the imposition of state income or franchise taxes or other forms of taxation. For example, we are required to pay Texas margin tax on our gross income apportioned to Texas. Imposition of similar taxes on us in other jurisdictions in which we operate, or to which we may expand our operations, could reduce the cash available for distribution to our unitholders substantially. The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial, or administrative changes and differing interpretations, possibly on a retroactive basis. The current U. S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified by administrative, legislative, or judicial interpretation at any time. From time to time, members of Congress have proposed and considered substantive changes to the existing U. S. federal income tax laws that would affect publicly traded partnerships, including elimination of partnership tax treatment for publicly traded partnerships. Any modification to the U. S. federal income tax laws and interpretations thereof may or may not be retroactively applied and could make it more difficult or impossible to meet the exception for certain publicly traded partnerships to be treated as partnerships for U. S. federal income tax purposes or increase the amount of taxes payable by unitholders in publicly traded partnerships. You are urged to consult with your own tax advisor with respect to the status of regulatory or administrative developments and proposals and their potential effect on your investment in our common units. If the IRS were to contest the federal income tax positions we take, it may impact the market for our common units adversely, and the costs of any such contest would reduce the cash available for distribution to our unitholders. We have not requested a ruling from the IRS with respect to the pricing of our related- party agreements with Occidental or our treatment as a partnership for U. S. federal income tax purposes. The IRS may adopt positions that differ from the positions we take. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take, and a court may not agree with some or all of those positions. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. Moreover, the costs of any contest with the IRS will result in a reduction in cash available for distribution to our unitholders and thus will be borne indirectly by our unitholders. If the IRS makes audit adjustments to our income tax returns ~~for tax years beginning after December 31, 2017~~ , it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced. **If** ~~For tax years beginning after December 31, 2017, if~~ the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. To the extent possible under applicable rules, our general partner may pay such amounts directly to the IRS or, if we are eligible, elect to issue a revised Schedule K- 1 to each unitholder with respect to an audited and adjusted return. No assurances can be made that such election will be practical, permissible, or effective in all circumstances. As a result, our current unitholders may bear some or all of the economic burden resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties, and interest, our cash available for distribution to our unitholders might be substantially reduced. Our unitholders are required to pay taxes on their share of our income even if they do not receive any cash distributions from us. Our unitholders are required to pay any U. S. federal income taxes on their share of our taxable income irrespective of whether they receive cash distributions from us. Unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax liability attributable to their share of our taxable income. Tax gain or loss on the disposition of our common units could be more or less than expected. If a unitholder sells common units, the unitholder will recognize gain or loss equal to the difference between the amount realized and that unitholder' s tax basis in those common units. Because distributions in excess of a unitholder' s allocable share of our net taxable income result in a decrease in that unitholder' s tax basis in its common units, the amount, if any, of such prior excess distributions with respect to the units sold will, in effect, become taxable income to that unitholder, if that unitholder sells such units at a price greater than that unitholder' s tax basis in those units, even if the price received is less than their original cost. A substantial portion of the amount realized, whether or not representing gain, may be taxed as ordinary income due to potential recapture items such as depreciation. In addition, because the amount realized includes a unitholder' s share of our nonrecourse liabilities, if they sell their units, unitholders may incur a tax liability in excess of the amount of cash they receive from the sale. Tax- exempt entities face unique tax issues from owning our common units that may result in adverse tax consequences to them. Investment in common units by tax- exempt entities, such as employee benefit plans, and individual retirement accounts (or " IRAs ") raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Tax- exempt entities should consult a tax advisor before investing in our units. Non- U. S. unitholders will be subject to U. S. taxes and withholding with respect to their income and gain from owning our units. Non- U. S. unitholders are subject to U. S. federal income tax on income effectively connected with a U. S. trade or business (" effectively connected income "). A unitholder' s share of our income, gain, loss and deduction, and any gain from the sale or disposition of our units will generally be considered to be effectively connected income and subject to U. S. federal income tax. As a result, distributions to non- U. S. unitholders will be reduced by withholding taxes at the highest applicable effective tax rate and a non- U. S. unitholder who sells or otherwise disposes of a unit will also be subject to U. S. federal income tax on the gain realized from the sale or disposition of that unit. Additionally, distributions to non- U. S. unitholders occurring on or after January 1, 2023, will be subject to an additional 10 % withholding tax on the amount of any distribution in excess of our cumulative net income that has not been previously distributed. The determination of cumulative net income is complex and unclear in certain respects, and we intend to treat all of our distributions as being in excess of our cumulative net income for such purposes and subject to the additional 10 % withholding tax. Accordingly, distributions to a non- U. S. unitholder will be subject to a combined withholding tax rate equal to the sum of the highest applicable effective tax rate and 10 %. Moreover, the transferee of an interest in a partnership that is engaged in a U. S. trade or business is generally required to withhold 10 % of the amount realized by the transferor unless the transferor certifies that it is not a foreign person. Treasury regulations provide that the " amount realized " on a transfer of an interest in a publicly traded partnership will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor. Treasury regulations and recent Treasury guidance further provide that for transfers of interests in a publicly traded partnership occurring on or after January 1, 2023, the obligation to withhold is imposed on the transferor' s broker. Non- U. S. unitholders should consult their tax advisor before investing in our common units. We generally prorate our items of income, gain, loss, and deduction between transferors and transferees of our common units each month based on the ownership of our common units on the first day of each month, instead of on the basis of the date a particular common unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss, and deduction among our unitholders. We generally prorate our items of income, gain, loss, and deduction between transferors and transferees of our common units each month based on the ownership of our common units on the first day of each month (the " Allocation Date "), instead of on the basis of the date a particular common unit is transferred. Similarly, we generally allocate certain deductions for depreciation of capital additions, gain or loss realized on a sale or other disposition of our assets, and, in the discretion of the general partner, any other extraordinary item of income, gain, loss, or deduction based upon ownership on the Allocation Date. Treasury Regulations allow a similar monthly simplifying convention, but such regulations do not specifically authorize all aspects of our proration method. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss, and deduction among our unitholders. We have adopted certain valuation methodologies in determining a unitholder' s allocations of income, gain, loss, and deduction. The IRS may challenge these methodologies or the resulting allocations, which could affect the value of our common units adversely. In determining items of income, gain, loss, and deduction allocable to our unitholders, we must routinely determine the fair market value of our assets. Although we may, from time to time, consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss, and deduction. A successful IRS challenge to these methods or allocations could diminish the amount of tax benefits available to our unitholders, affect the timing for recognition of these tax benefits or the amount of gain from any sale of common units, impact the value of our common units negatively, or result in audit adjustments to unitholders' tax returns. Our unitholders are subject to state and local taxes and return- filing requirements in jurisdictions where they do not live as a result of investing in our common units. In addition to U. S. federal income taxes, our unitholders are subject to other taxes, including foreign, state, and local taxes; unincorporated business taxes; and estate, inheritance, or intangible taxes that are imposed by the various jurisdictions in which we conduct business or own property now or in the future, even if they do not live in any of those jurisdictions. Our unitholders likely will be required to file tax returns and pay taxes in some or all of these various jurisdictions, or be subject to penalties for failure to comply with those requirements.