



Occidental Petroleum (NYSE: OXY)

September 2025



Agenda

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I. Operations



SPINDLETOP
ENERGY INVESTMENT FUND

Company Overview

Oxy is a large-cap energy company with diversified operations across multiple segments and basins in the U.S. and abroad, though it carries a substantial debt load that hinders capital efficiency

Company Overview

- ❖ Houston, TX based international energy company with assets spread across the United States, Middle East and North Africa
- ❖ Founded in 1920 in Los Angeles, Oxy vaulted onto the global stage in the 1960s following major oil discoveries in Libya
- ❖ In 2019, Oxy acquired Anadarko Petroleum for \$57bn, with a \$10bn preferred stock investment from Berkshire Hathaway
- ❖ Since the acquisition, Oxy has prioritized paying down debt and integrating the Anadarko and CrownRock assets into its current operations

Firm Capitalization

Capitalization Table	(\$mm)
Share Price	\$45.38
FDSO	1,010
Equity Value	\$45,822
(-) Cash	2,326
(+) Debt	23,775
(+) Preferred Stock	8,287
(+) Minority Interest	454
Enterprise Value	\$76,012

80.7%
Institutional
Ownership

1.6x
Leverage Ratio

1.3x
Price to Book

28.2%
Berkshire
Ownership

\$14,145mm
2026E EBITDA

2.1%
Dividend Yield

Governance



President and Chief Executive Officer: Vicki Hollub

- ❖ Appointed in 2016, she oversees company wide operations
- ❖ 40-year career in Ecuador, Russia, the U.S. and Venezuela



Senior Vice President and Chief Financial Officer: Sunil Mathew

- ❖ Guides global business development and directs company planning
- ❖ Joined in 2004, previously serving SLB in the Middle East and Asia

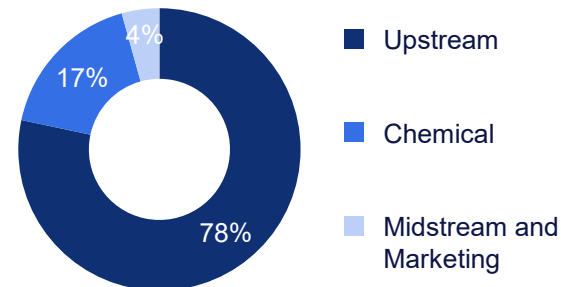


President, U.S. Onshore Resources: Richard Jackson

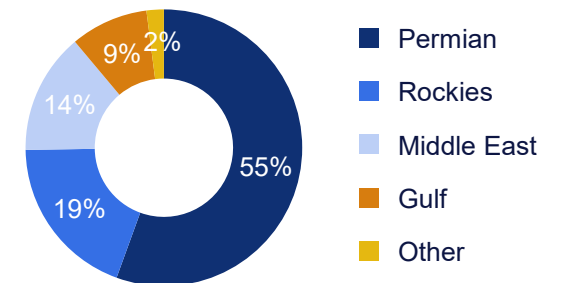
- ❖ Leads development and operations of onshore oil and gas businesses
- ❖ Founder of Oxy Low Carbon Ventures, directing enhanced oil recovery

Production Overview

LTM Net Sales



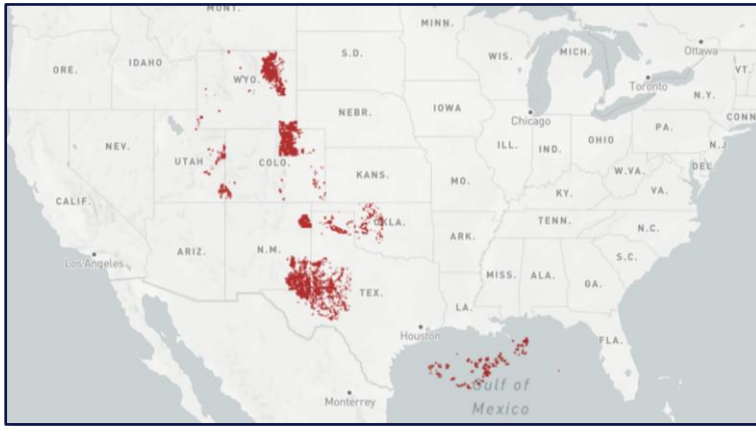
Production Per Day



Global Operations

Oxy operates across all portions of the energy value chain through traditional business lines and a diverse portfolio of subsidiaries

Upstream



Midstream

Western Midstream

- Oxy is the GP in Western Midstream and holds an ~44.8% stake
- WES services Oxy's core asset base in DJ and Delaware basins
- 7 Natural Gas, 11 Crude / NGL pipelines, 21 gathering systems, 77 processing & treating facilities

OxyChem

- OxyChem is Oxy's in-house chemical production segment
- Primary offerings include chlor-alkali products, vinyl and chlorinated organics
- 4CPe is an OxyChem-developed chlorinated organic with applications in clean refrigerants
- Contributed ~21.1% of revenue in Q2

Carbon Innovation



- British Columbia-based subsidiary developing proprietary DAC technology
- Captured CO₂ can be stored or repurposed for use in EOR, fuels and plastics



- Focused on bringing Carbon Engineering's DAC innovations to an industrial scale
- Currently building STRATOS – world's largest DAC facility by capacity (500 ktpa)

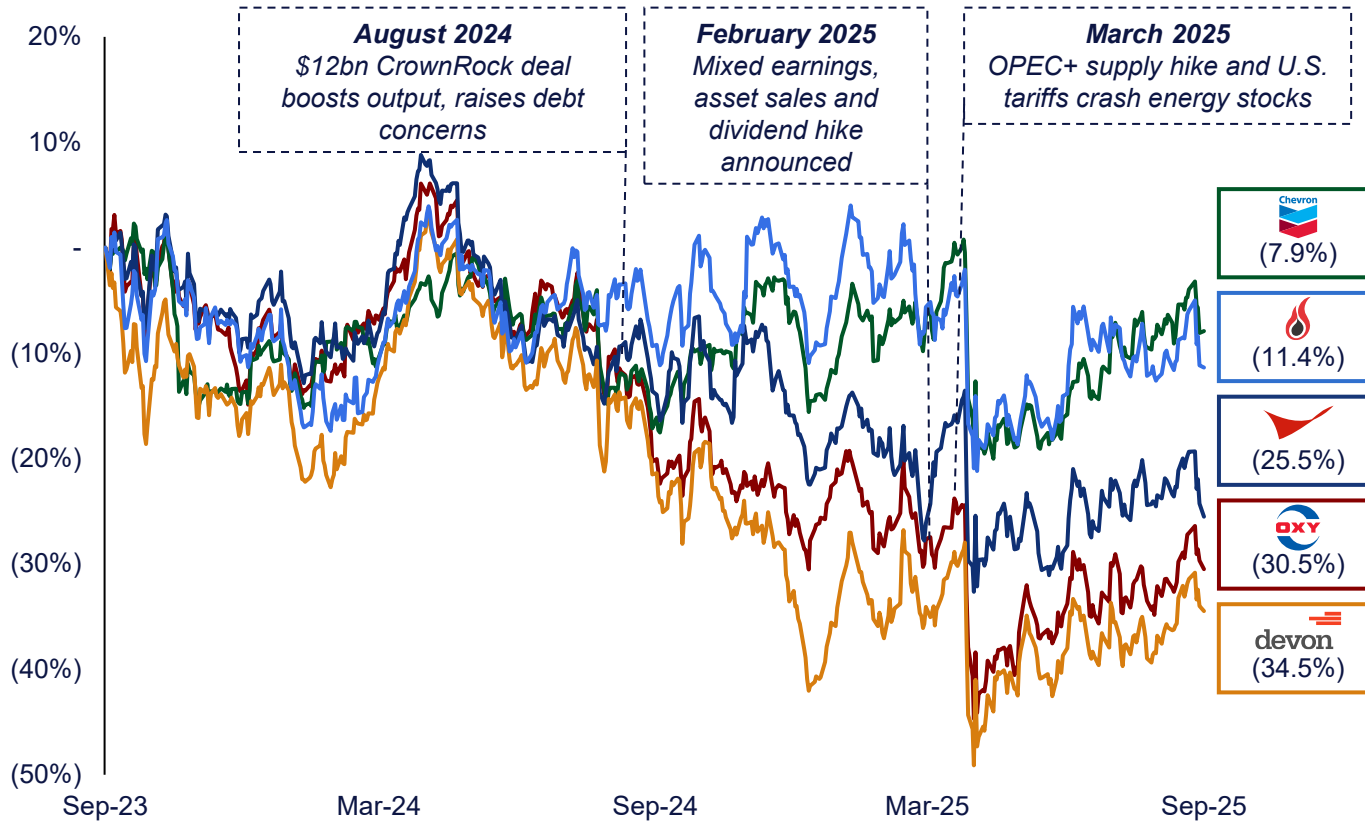


- Lithium technology subsidiary that aims to build, own and operate production facilities
- Will utilize Direct Lithium Extraction and direct lithium hydroxide conversion

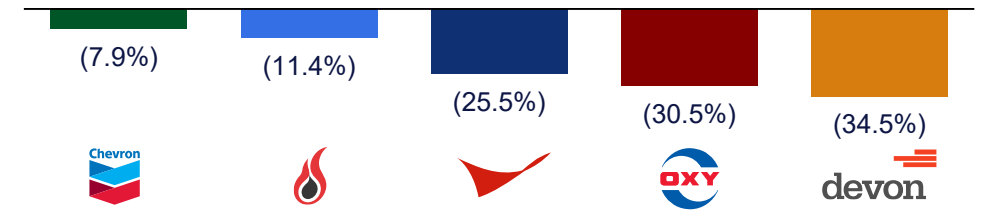
Share Price Performance

Oxy has significantly underperformed its peers over the past two years, with its stock price declining 30.5%, placing it among the weakest performers in the group

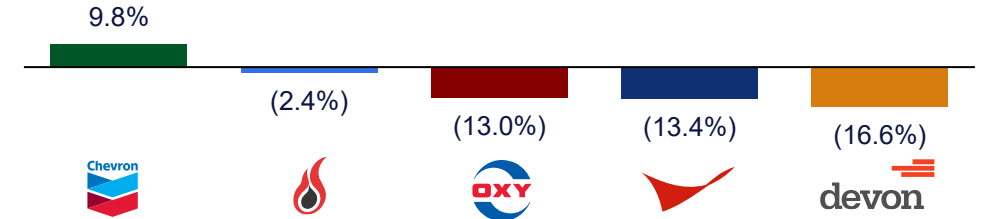
2-Year Performance



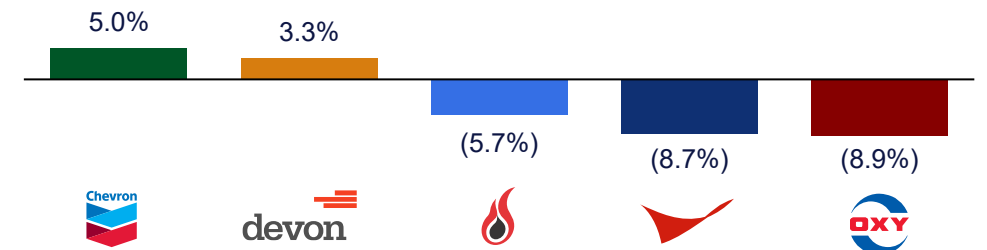
2-Year Returns



1-Year Returns



YTD Returns





II. Portfolio Analysis

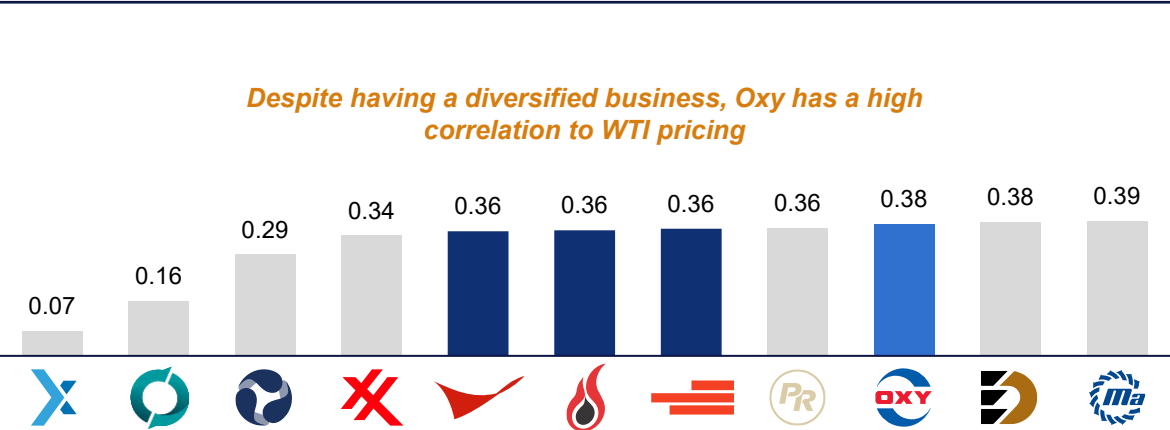


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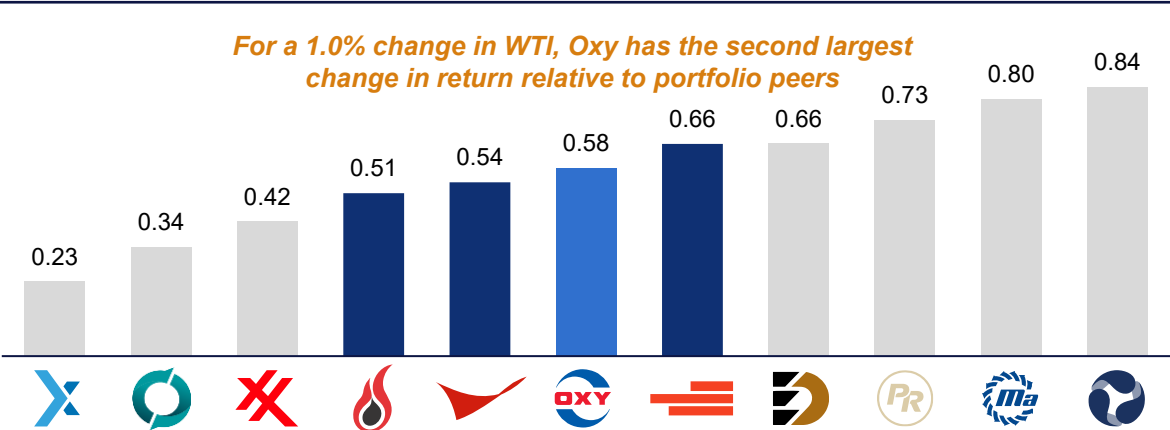
Commodity Exposure

In light of a bearish oil market, Oxy’s correlation and responsiveness to oil price fluctuations, combined with its outsized contribution of risk to the portfolio, make it a logical sell among its peers in the Spindletop portfolio

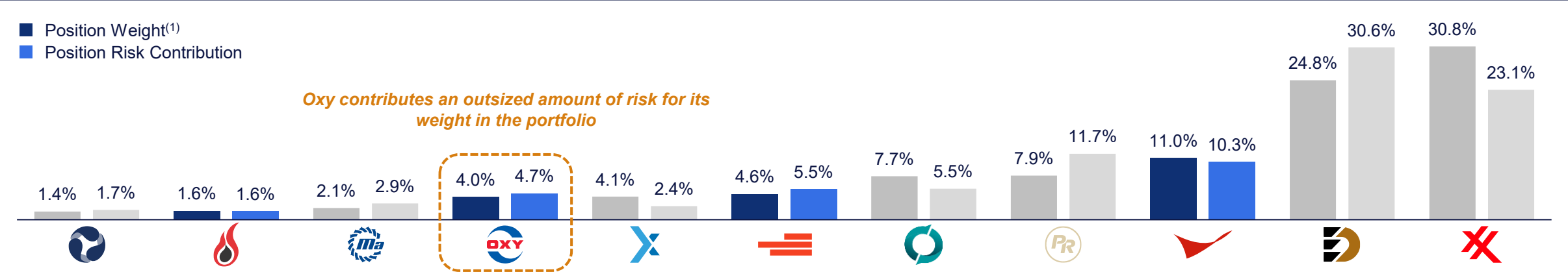
West Texas Intermediate R-Squared



West Texas Intermediate Beta



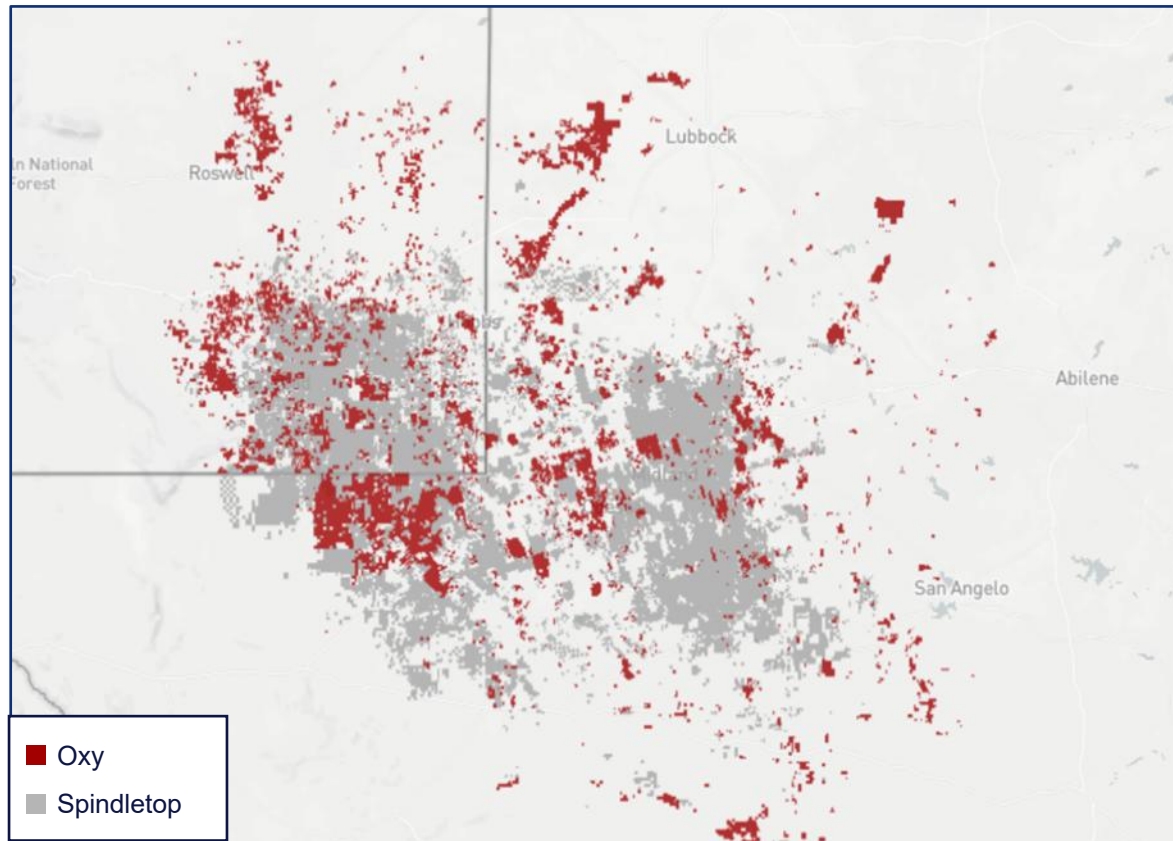
Marginal Contribution to Risk Analysis



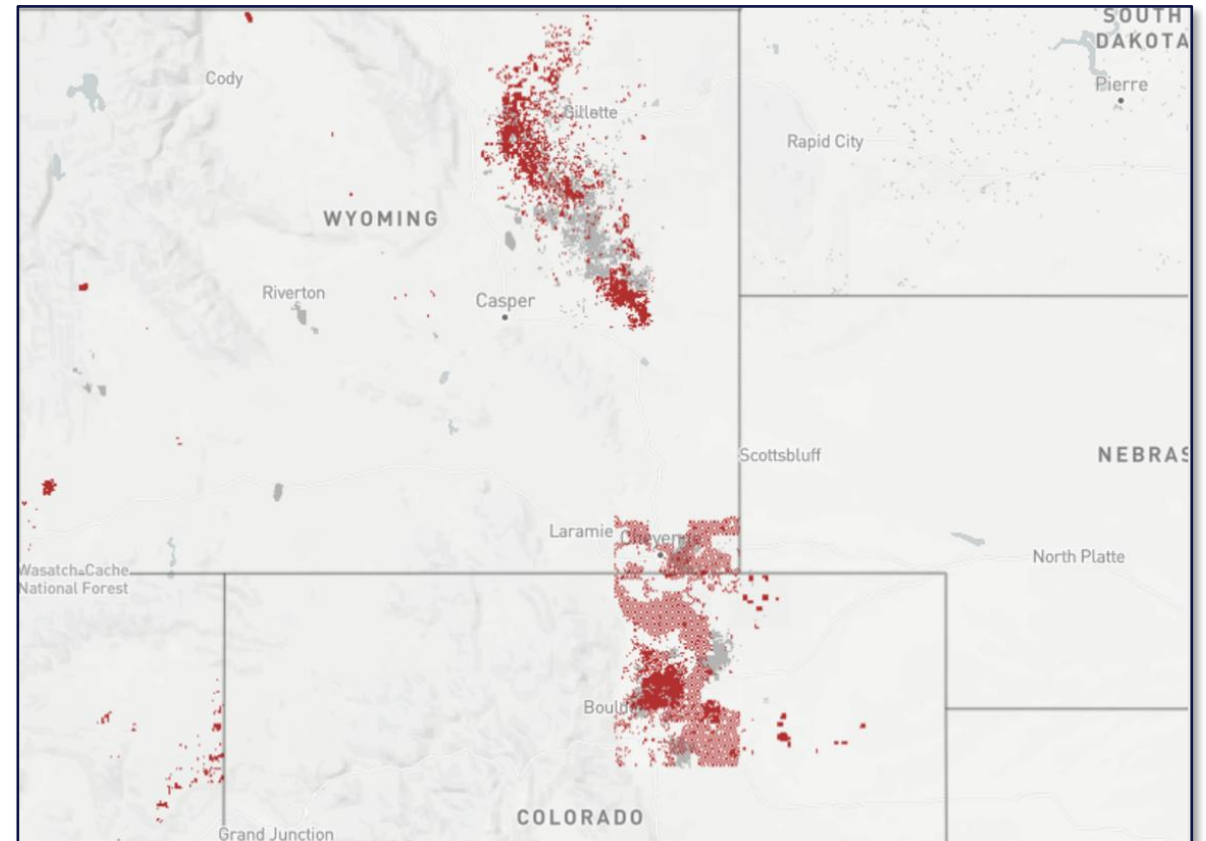
Portfolio Overlap

Spindletop's stake in Oxy duplicates exposure the fund already has to key basins, as current holdings in leading blue-chip E&Ps and supermajors provide ample access to the same acreage

Permian



Rockies





III. Capital Management

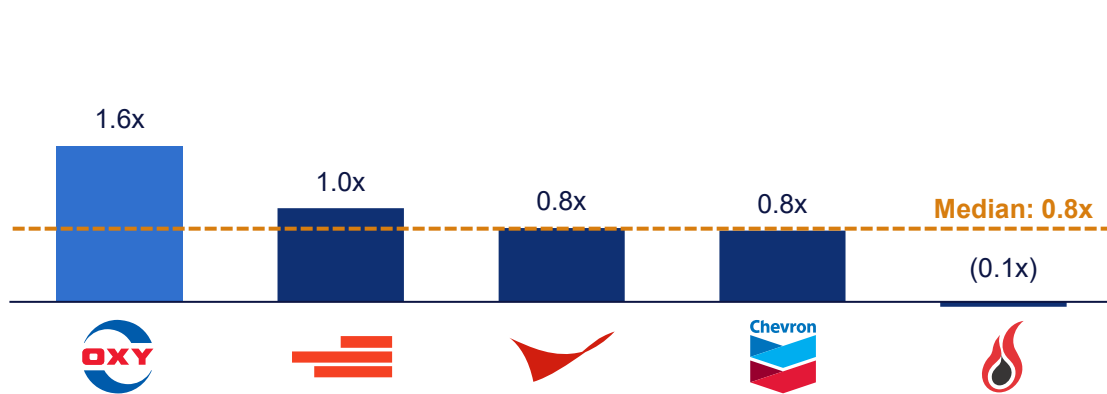


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ENERGY INVESTMENT FUND

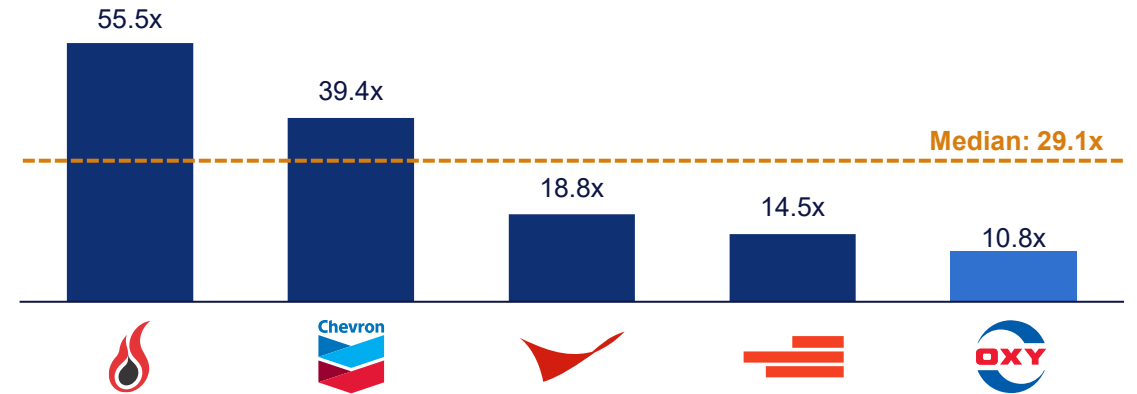
Capital Structure Comps

Oxy's high leverage strains both solvency and liquidity, forcing capital toward debt service instead of growth investment or shareholder returns, limiting the potential for equity value appreciation

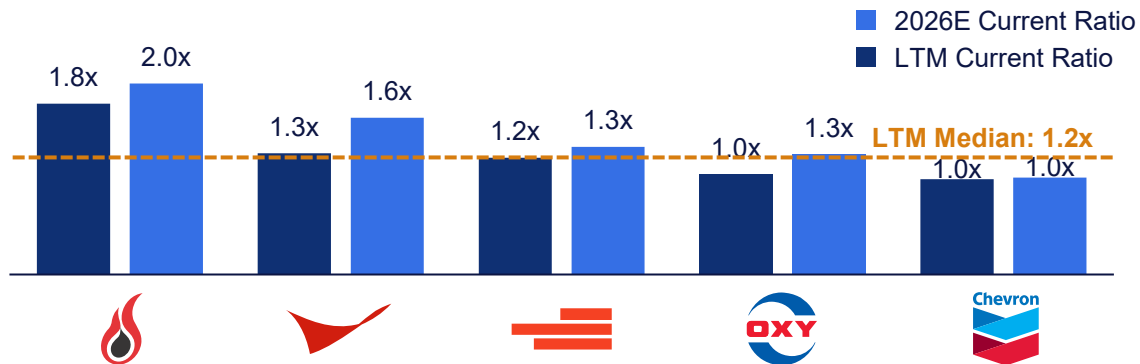
LTM Leverage Ratio



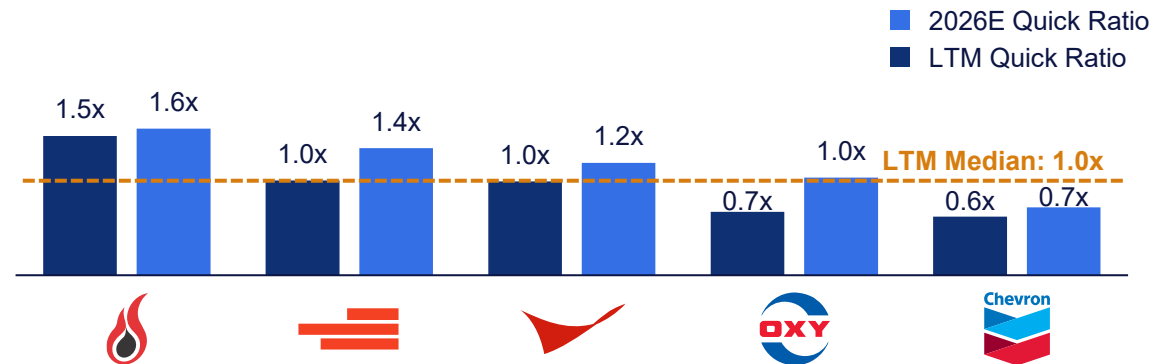
LTM Interest Coverage



Current Ratio



Quick Ratio



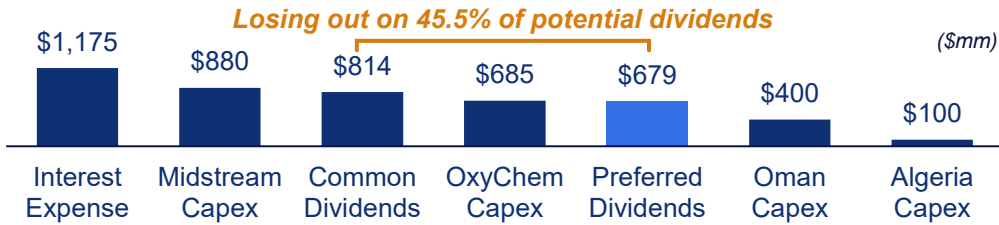
Berkshire Hathaway Impact

Berkshire's investment creates a double burden of inefficient capital deployment through locked-in preferred dividends and harm to common shareholders via constrained distributions and dilutive warrant overhang

Series A Preferred Stock

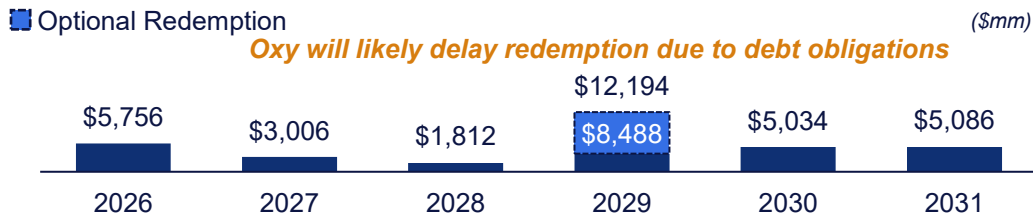
Dividend

- Oxy issued **100,000 shares** of Series A Preferred stock at a **\$100,000 per share** face value, equating to **\$10.0bn**
- The stock has an **8.0%** guaranteed dividend yield, resulting in **\$679mm** in distributions per year on the current **~\$8.5bn** face value stake



Redemption

- No option to redeem preferred shares until **August 2029**
- Upon optional redemption, Oxy pays a **5.0% premium** to the face value
- Excess equity distribution redemptions have a **10.0% premium** if Oxy distributes more than \$4.00 per share within 12 months



Common Stock Warrants



1

Warrants cover 83.9mm shares at a \$59.62 strike price

2

Expire within one year of the last preferred stock

3

Can exercise warrants using cash or preferred stock

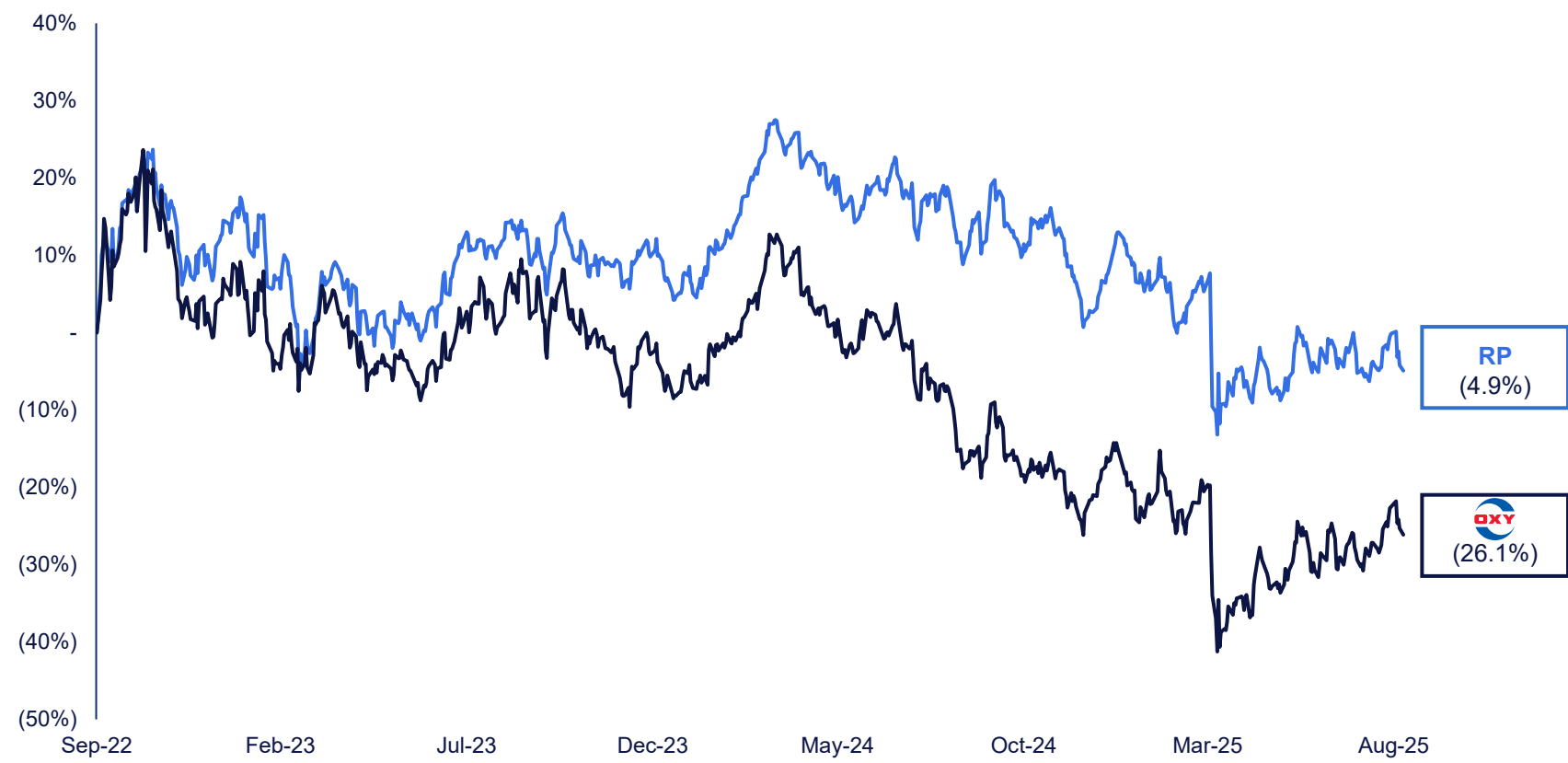
4

Creates downward price pressure in fear of dilution

Opportunity Cost of Integrated Operations

Occidental's diversification has strained resources and focus, creating inefficiencies that more concentrated peers avoid. Consequently, it has underperformed by ~21.2% in total returns over the past three years versus a peer constructed portfolio

Spindletop Replicating Portfolio vs Oxy



Replicating Portfolio

	Weight	Holdings	
Upstream	83.8%		
			
Midstream	3.9%		
			
Chemicals	12.3%		
			

Outperformance of replicating portfolio indicates investing in concentrated players may result in higher yields for the Spindletop fund



IV. Valuation



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Comparable Companies Analysis

Oxy trades at a premium relative to comparable companies, implying it faces downside based on market multiples

Selected Peer Group Metrics

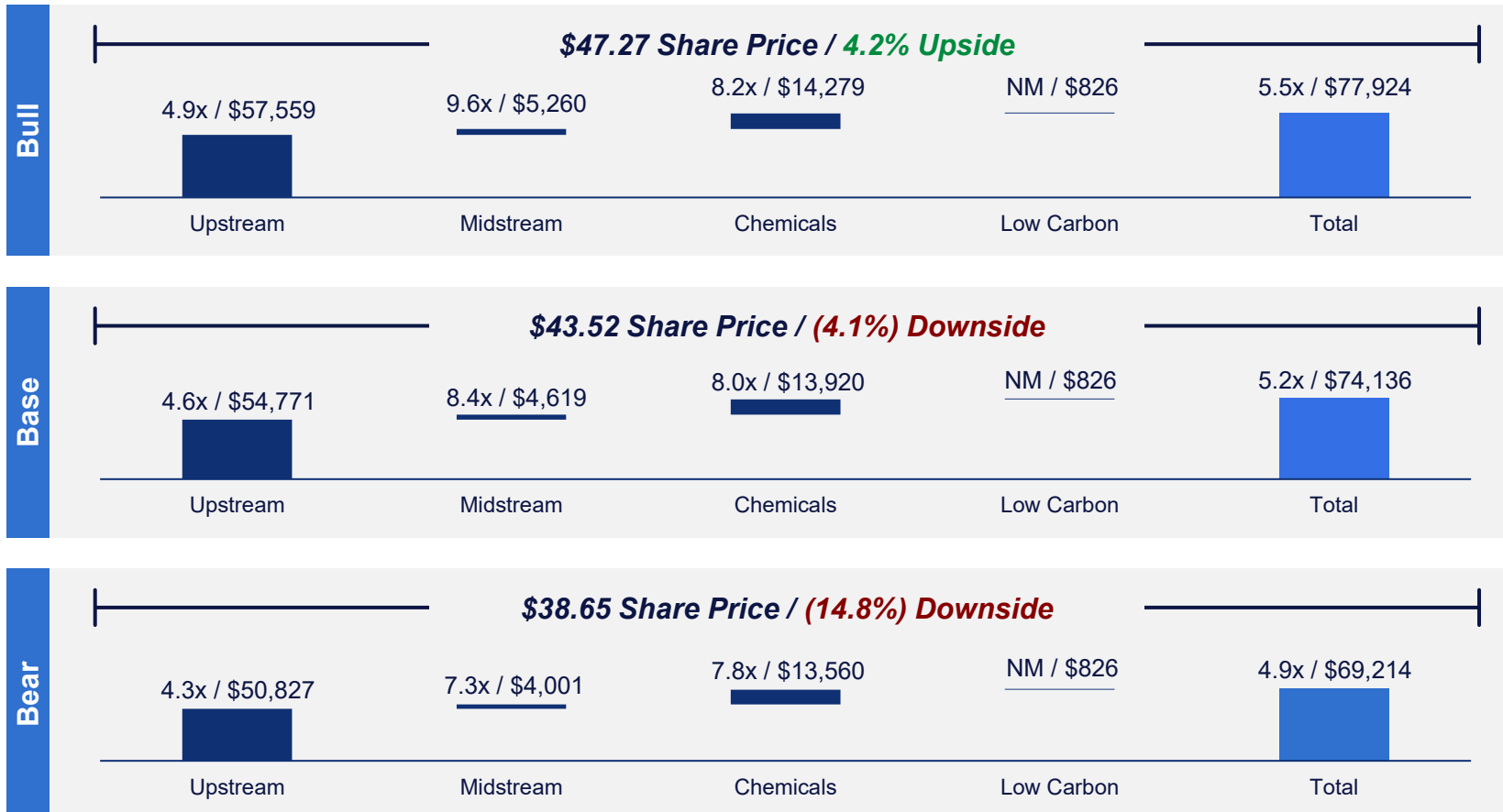
Company	Share Price	% 52 Week High	Market Capitalization	Enterprise Value	2026E EV / EBITDA	2025E-2027E EBITDA CAGR	2026E EV / UFCF	2024A EV / Reserves
 Chevron	\$154.00	91.1%	\$272,428	\$294,829	6.2x	9.6%	12.5x	30.1x
 ConocoPhillips	91.40	78.7%	116,614	126,461	5.0x	3.8%	14.5x	16.2x
 devon	34.51	79.7%	22,456	28,884	3.8x	3.3%	8.1x	13.4x
 eog resources	117.65	85.1%	65,556	63,992	4.8x	6.4%	13.0x	13.5x
Median		82.4%			4.9x	5.1%	12.8x	14.8x
Mean		83.7%			5.0x	5.8%	12.0x	18.3x
 OXY	\$45.38	80.3%	\$45,822	\$76,012	5.4x	4.5%	14.7x	16.5x

	Multiple	Metric	Valuation	Implied Change
EV / EBITDA	4.9x	\$14,145mm	\$38.87 / share	(14.3%)
EV / UFCF	12.8x	\$5,163mm	\$35.34 / share	(22.1%)
EV / Reserves	14.8x	4,612 mmboe	\$37.85 / share	(16.6%)

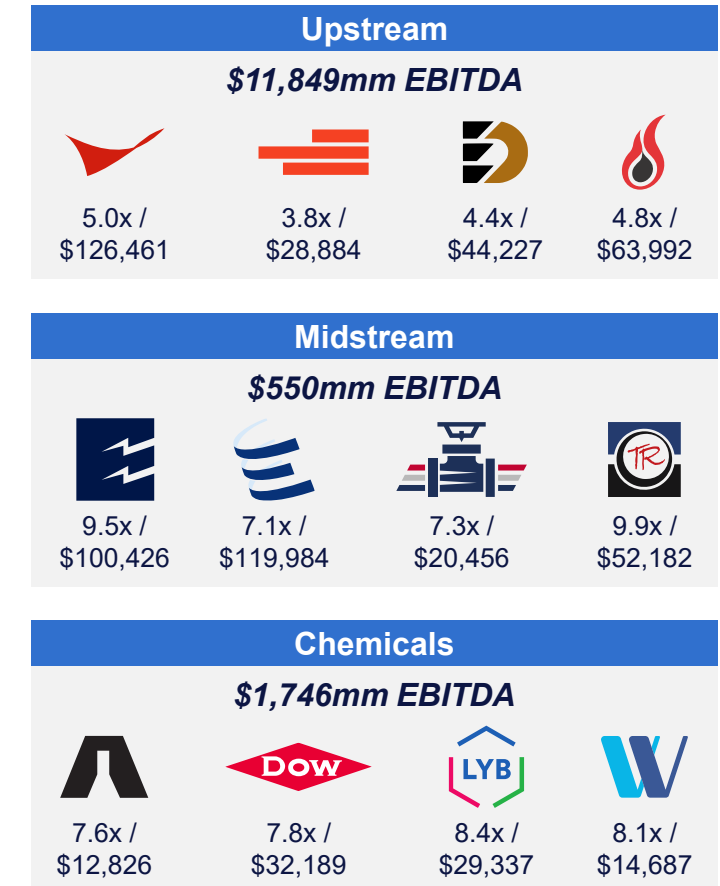
Sum of the Parts

Analysis shows materially less downside on an EV / EBITDA basis, indicating an investing strategy focused on concentrated companies could achieve greater valuation than the combined, diversified business of Oxy

2026E Valuation by Case



Comparable Companies



Broker Outlook

The majority of brokers maintain a “Hold” rating on Oxy, reflecting a broader consensus that the company remains challenged

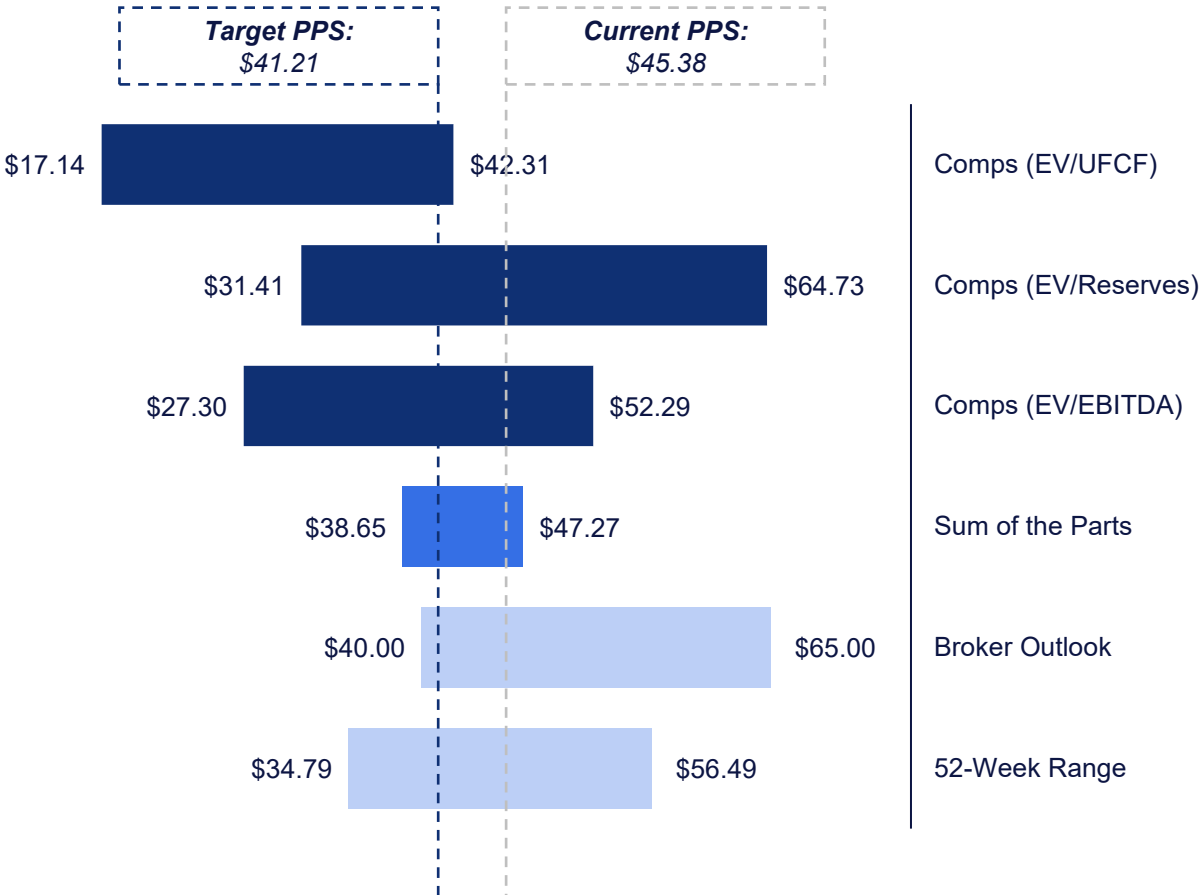
Broker	Recommendation	Price Outlook
EVERCORE	Sell	\$40
Jefferies	Hold	\$44
TD Cowen a division of TD Securities	Hold	\$45
PIPER SANDLER	Hold	\$50
BMO	Hold	\$53
TPH&CO	Hold	\$57
RAYMOND JAMES	Buy	\$58
MIZUHO	Hold	\$65

Median: \$51.50
Price: \$45.38

Football Field

Occidental's over-diversified business model, elevated leverage and acquisition-related risks create significant headwinds, driving an implied ~9.2% downside

Football Field



Target Metrics & Key Takeaways

\$41.21
Share Price

~(9.2%)
*Implied
Downside*

~\$41.6bn
Market Cap

Overexposed Growth
Oxy's Permian concentration drives elevated sensitivity to WTI price swings, amplifying downside risk in a weaker commodity market

Acquisition Dependency Creates Risks
Oxy's \$57bn Anadarko deal and \$12bn acquisition of CrownRock have stretched capital thin, leading to heavy reliance on divestitures

Constrained Capital Allocation
Oxy's high leverage and Berkshire preferreds significantly reduce capital flexibility. Dividends drain cash, while warrants add persistent dilution risk and restrict reinvestment capacity

Limited Multiple Expansion
Oxy contributes a disproportionate level of portfolio risk versus its weight. EBITDA growth forecasts seem aggressive, making multiple compression more likely



V. Thesis and Recommendation



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Recommendation

Based on Oxy's inefficient management of capital, the company's relative position within the Spindletop portfolio and its estimated downside, the fund should fully exit its investment in the holding

Investment Thesis

I	<u>Heavy Debt Burden</u> Oxy's elevated leverage limits capital available to shareholders and growth reinvestment, as significant debt maturities later in the decade and ongoing interest obligations demand priority
II	<u>Berkshire Position</u> Berkshire Hathaway's preferred equity effectively operates as debt within Oxy's capital structure, reducing capital available to common shareholders, while its warrants create a perceived ceiling on the stock price by introducing dilution risk upon exercise
III	<u>Portfolio Allocation</u> Despite Oxy's diversification, it remains highly exposed to commodity prices. Spindletop believes capital is better deployed in concentrated bets, as Oxy's broad portfolio dilutes focus and allocates inefficiently, evidenced by the Replicating Portfolio
IV	<u>Valuation</u> Relative analysis suggests Oxy's share price carries meaningful downside, positioning it as a potential drag on returns within the Spindletop portfolio

Recommendation



Sell \$OXY

102 Shares

**Proceeds ~\$4,600, for a pro-forma
cash position of ~\$13,000**



VI. Appendix



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Risks and Mitigants

Although Oxy's diversified portfolio supports cash generation, its sizable 2029 maturity wall, preferred coupon burden and inventory depletion curb growth and limit valuation upside, even as deleveraging progresses

Reasons to Sell

Debt Maturity Wall

Despite progress, Oxy still faces **~\$14.3bn** due by 2029. Asset sales reduce debt but shrink earnings power, leaving capital inefficiency intact and leverage concerns unresolved

Spread Too Thin

Oxy remains stretched across international assets, **non-core holdings** and segments like chemicals and midstream, creating capital inefficiencies and diluting returns

Core Inventory Depletion

As Tier-1 **Permian** locations are exhausted, development shifts to weaker zones, lowering IPs/EURs, lifting \$/boe and eroding FCF durability

Reasons to Hold

Commodity Price Strength

A sustained **\$70-80** WTI and strong Henry Hub prices could expand Oxy's free cash flow, accelerating repayment of its **\$23bn** debt load

Diversified Cash Engine

Oxy's **multi-basin footprint** gives it **operational flexibility** and its midstream and chemical segments offer downside protection

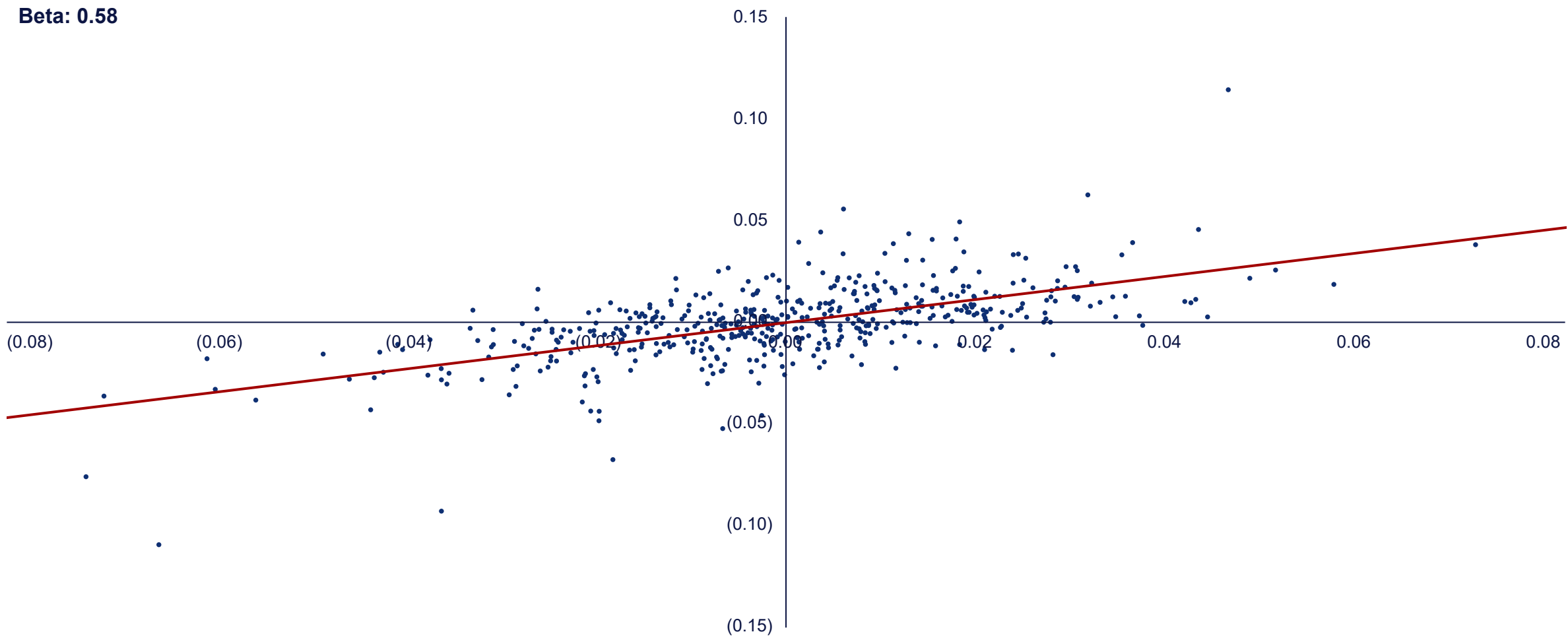
Offshore Cash Anchor

Long-lived, **low-decline** offshore assets can stabilize cash generation and reduce reinvestment risk versus shale-only peers, providing greater base production

Exposure



Oxy / WTI Regression Analysis



EBITDA Distribution by Segment

Segment Breakdown							
		2021	2022	2023	2024	Split	2026E
Upstream	EBIT	4,145	12,803	6,240	5,214		
	D&A	7,741	6,179	6,112	6,565		
	EBITDA	\$11,886	\$18,982	\$12,352	\$11,779		\$11,849
		83%	85%	85%	83%	83.8%	
Chemical	EBIT	1,544	2,508	1,531	1,124		
	D&A	343	370	356	363		
	EBITDA	\$1,887	\$2,878	\$1,887	\$1,487		\$1,746
		13%	13%	13%	10%	12.3%	
Midstream	EBIT	257	273	24	580		
	D&A	325	328	326	329		
	EBITDA	\$582	\$601	\$350	\$909		\$550
		4%	3%	2%	6%	3.9%	
2026E EBITDA		\$14,145					

Sum of the Parts – Upstream and Midstream

Upstream										
Ticker	Share Price	FDSO	Market Cap	EV	EBITDA			EV/EBITDA		
					LTM	2026	2027	LTM	2026	2027
EOG-US	117.65	569	66,943	63,992	11,931	13,315	14,519	5.4x	4.8x	4.4x
COP-US	91.40	1,181	107,932	126,461	23,394	25,229	28,228	5.4x	5.0x	4.5x
DVN-US	34.51	634	21,879	28,884	7,403	7,518	8,213	3.9x	3.8x	3.5x
FANG-US	137.28	214	29,315	44,227	9,560	9,964	10,969	4.6x	4.4x	4.0x
Upper Quartile								5.4x	4.9x	4.4x
Median								5.0x	4.6x	4.0x
Mean								4.6x	4.5x	4.0x
Lower Quartile								3.9x	4.3x	3.5x

Midstream										
Ticker	Share Price	FDSO	Market Cap	EV	EBITDA			EV/EBITDA		
					LTM	2026	2027	LTM	2026	2027
EPD-US	\$31.47	2,192	\$68,982	\$100,426	9,074	10,612	10,980	11.1x	9.5x	9.1x
ET-US	17.15	3,421	58,662	119,984	14,454	16,938	17,612	8.3x	7.1x	6.8x
TRGP-US	160.52	221	35,523	52,182	4,712	5,274	5,733	11.1x	9.9x	9.1x
PAA-US	17.16	702	12,046	20,456	2,503	2,785	2,818	8.2x	7.3x	7.3x
Upper Quartile								11.1x	9.6x	9.1x
Median								9.7x	8.4x	8.2x
Mean								9.7x	8.4x	8.1x
Lower Quartile								8.3x	7.3x	7.1x

Sum of the Parts – Chemicals

Chemicals										
Ticker	Share Price	FDSO	Market Cap	EV	EBITDA			EV/EBITDA		
					LTM	2026	2027	LTM	2026	2027
DOW-US	\$23.98	705	\$16,908	\$32,189	3,770	4,109	5,175	8.5x	7.8x	6.2x
WLK-US	88.38	129	11,419	14,687	1,450	1,811	2,080	10.1x	8.1x	7.1x
LYB-US	54.63	326	17,809	29,337	2,904	3,501	4,066	10.1x	8.4x	7.2x
EMN-US	68.90	118	8,123	12,826	1,797	1,697	1,822	7.1x	7.6x	7.0x
Upper Quartile								10.1x	8.2x	7.1x
Median								9.3x	8.0x	7.1x
Mean								9.0x	8.0x	6.9x
Lower Quartile								8.2x	7.8x	6.8x



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