Midstream Holdings Analysis II

October 2, 2025

SPINDLETOP
ENERGY INVESTMENT FUND

Table of Contents

Midstream Environment

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At Home and Abroad

Worldwide energy trends are creating a **complex midstream dynamic** that requires thorough analysis to be properly understood.

Growth in the Rockies: "Party's Over"

DJ/Powder River Basins: Both plays involve less favorable inventory in an era driven by races for Tier 1+ positions

Spindletop's Goal: The fund desires our "anchor" midstream play to reflect exposure to America's **highest-growth basins,** contrasting with the DJ/PRB.

2025 Rocky Mountain Asset Sales

VERMILION ENERGY		OXY
$88MM	*$435MM*	*$905MM*
PRB Non-Core	*DJ Non-Core*	*DJ Non-Core*

Legacy players are out, while sponsors are moving in

The "Upper Hand"

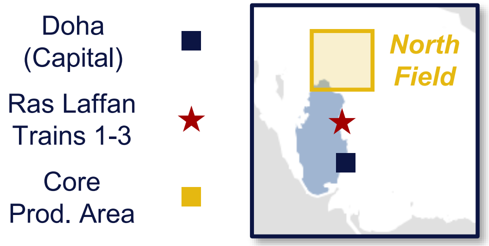
Qatar: Despite America's role as the world's marginal supplier, low-cost production in the North Field gives Qatar **major inventory advantages** over LNG-exposed U.S. players

Avg. Breakeven Per MMBtu

N. Field **$0.30**

W. HSVL **$2.70**

QatarEnergy Operations Map



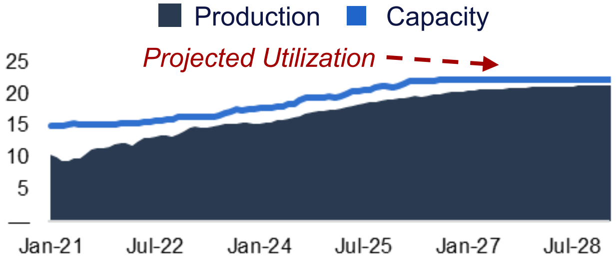
Qatari **CoS advantages** carry the potential to offset LNG's "first movers"

Permian Associated Gas

Gas Growth: 2025 gas production will rise to **1.4 Bcf/d** and **0.6 Bcf/D** in the Delaware and Midland

Delaware-Specific: Rising GORs will impact the basin through 2030+ as associated gas begins to **outpace oil growth**

Delaware Processing vs. Prod.



Delaware associated gas volumes will provide **major value for G&P players**

Hypocrisy in Europe

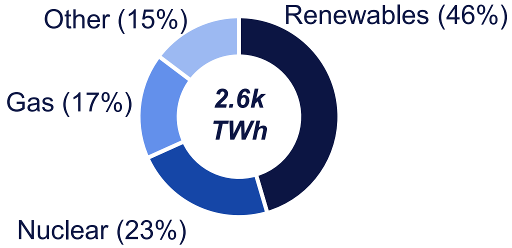
Trend: Despite a pledge to phase out imports of their gas by 2027, the EU remains Russia's largest export target.

EU-Targeted Russian Gas Exports

51%: Total LNG export volumes

36%: Russian pipeline gas

Share of EU Power Generation



Russian presence may have **major impacts** on the Henry Hub-TTF Spread

Notes: N/A.
Sources: Council of the EU, OilPrice, Morgan Stanley, East Daley, QatarEnergy LNG Disclosures, Energy News Beat, Oxy Disclosures, Civitas Disclosures, Vermillion Disclosures, TGS.

Portfolio Analysis

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Midstream Portfolio Overview

Continued optimization will allow Spindletop to concentrate on what makes midstream best: **high-growth plays within a stable sector.**

Recent Midstream Sales

ENBRIDGE

Sale of 33 shares at $48.60
Total Proceeds: ~$1,600

PLAINS

Sale of 730 shares at $17.25
Total Proceeds: ~$12,600

Enbridge: The fund exited its position due to Spindletop's small position size, oil focus, lack of strategic fit, and "second mover" standing in American gas.

Plains All-American Pipeline: The fund also liquidated its PAA holdings due to the firm's insistent stance on becoming the Delaware's primary crude oil player.

Proposed Course of Action

Consolidate Positions
Avoid "tracking an ETF" as an actively managed fund

Make Concentrated Bets
Hold an "anchor" dividend name, as well as targeted growth plays

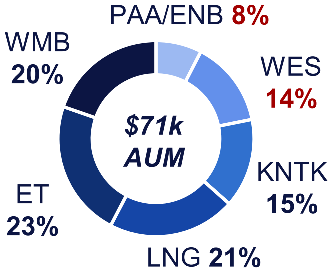
Potential "Chopping Block"

CHENIERE: High volatility associated with LNG and geopolitical risk is a high-risk, high-reward play

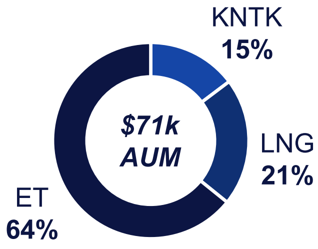
A pure-play Delaware G&P company would be preferred in the portfolio over WES

Projected Portfolio Direction: Holdings + Cash

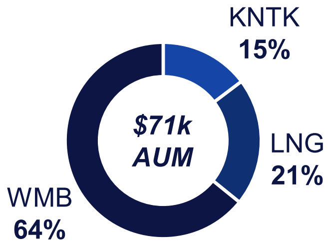
PF Midstream – 10/2



Proposed Portfolio 1



Proposed Portfolio 2



Deployed Midstream Funds: ***~$55,800***

Statistic	Status Quo	Portfolio 1	Portfolio 2
Thesis	Under Construction	Diversified Gas	Trend-Specific
Type	Mixed	Balanced	High-Growth
3YW Beta	0.58	0.74	0.74

Despite each player's high-quality standing, achievement of Spindletop's midstream goals requires **further consolidation of the fund's positions**

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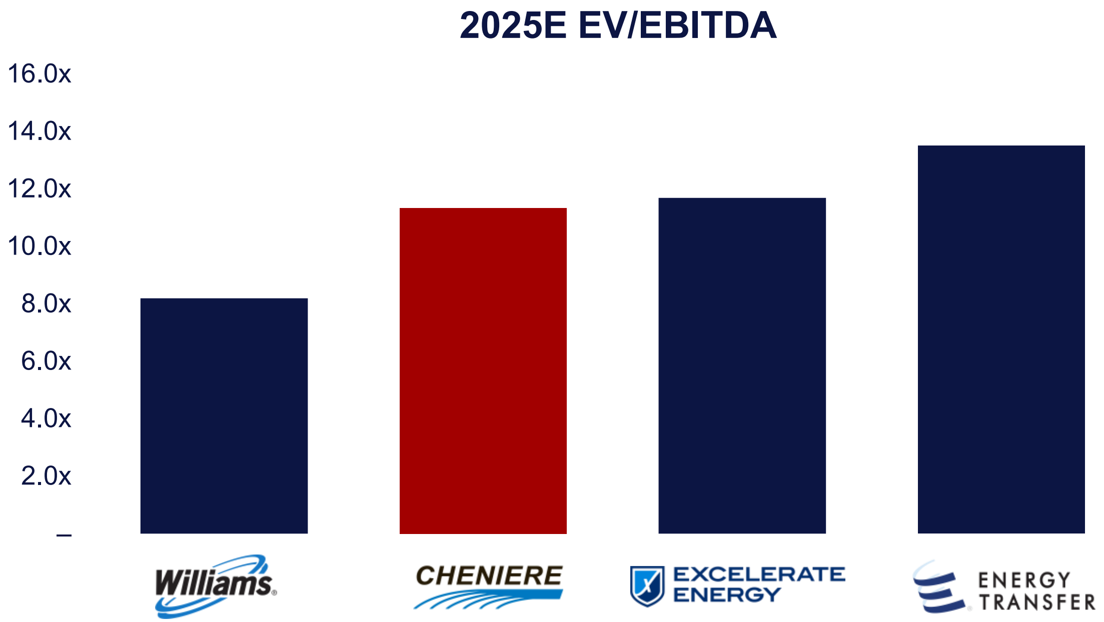
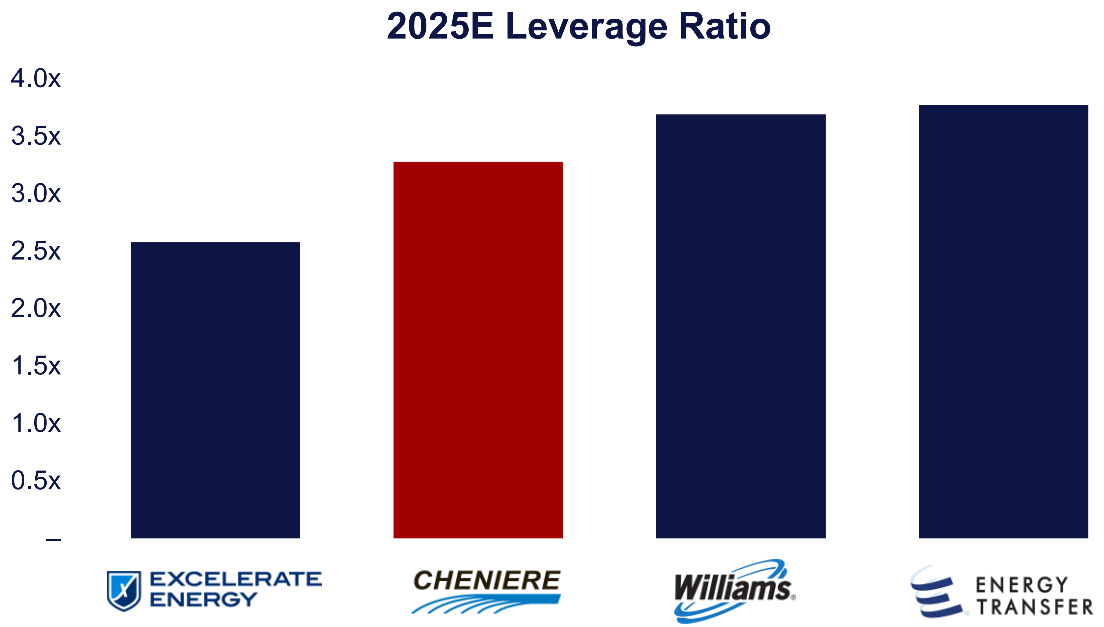
Notes: $71k AUM figure includes cash proceeds from previous sale of ENB and PAA. Red percentages indicate cash/targeted cash positions.
Sources: State Street Global Advisors, FactSet data as of 9/30/2025.

Comparable Companies Analysis

Comps for LNG were chosen that align with the firm's focus on **heavy exposure toward U.S. LNG exports.**

Company	Enterprise Value ($MM)	EV/EBITDA (2025E)	Leverage Ratio (LTM)	Coverage Ratio (LTM)	Distribution Yield	3-Year Dividend Growth	Dividend Payout Ratio
ENERGY TRANSFER	$131,937	8.2x	3.8x	5.0x	7.7%	43.5%	103.1%
Williams	$104,535	13.5x	3.7x	5.4x	3.1%	17.6%	111.1%
EXCELERATE ENERGY	$5,047	11.7x	2.6x	4.9x	1.3%	220.0%	53.3%
CHENIERE	$78,202	11.3x	3.3x	7.2x	0.8%	51.5%	6.8%





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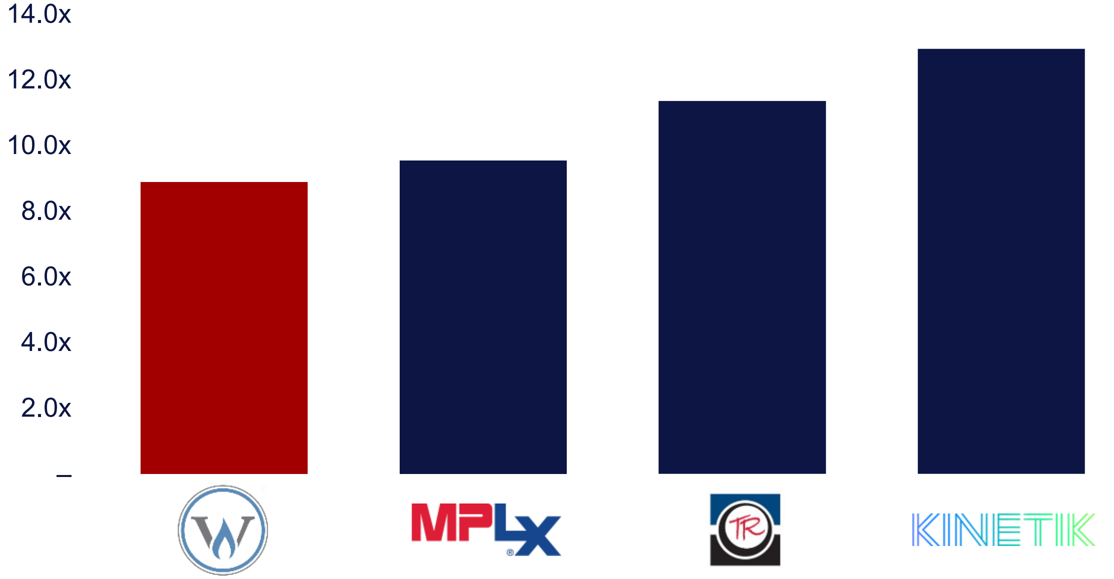
Notes: Values conform to Spindletop's midstream/infrastructure comps hand spread.
Sources: Company Disclosures, FactSet Data as of 9/30/2025.

Comparable Companies Analysis

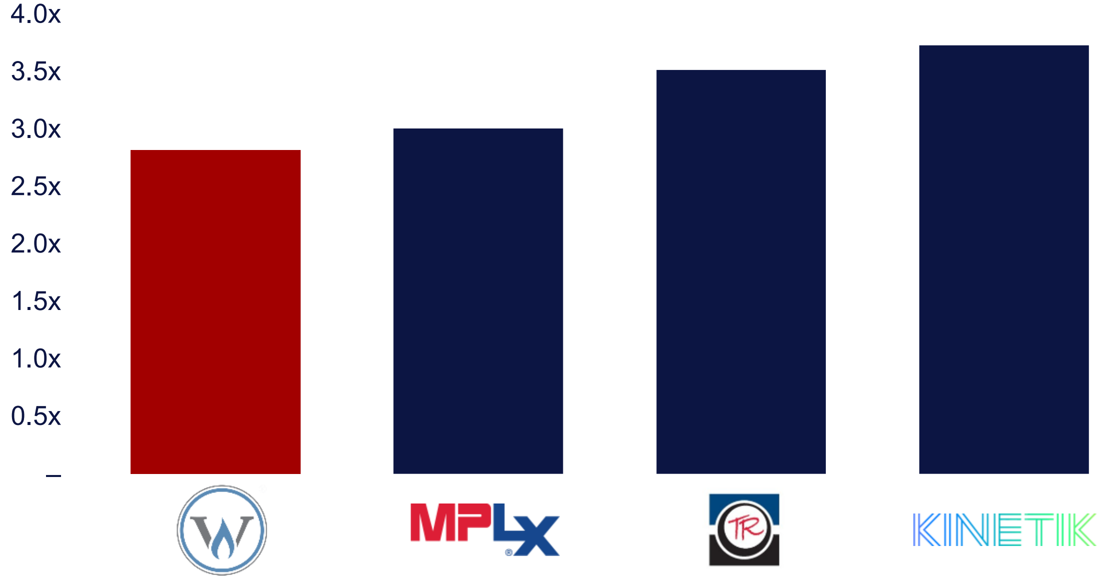
Comps for WES were chosen that align with the firm’s **orientation towards G&P** and exposure to **Western U.S. volumes.**

Company	Enterprise Value ($MM)	EV/EBITDA (2025E)	Leverage Ratio (LTM)	Coverage Ratio (LTM)	Distribution Yield	3-Year Dividend Growth	Dividend Payout Ratio
MPLX	$67,336	9.5x	3.0x	6.8x	7.6%	35.7%	92.9%
TR	$54,456	11.4x	3.5x	5.6x	2.4%	185.7%	34.8%
KINETIK	$13,631	13.0x	3.7x	4.5x	7.0%	4.0%	236.4%
W	$21,892	8.9x	2.8x	6.4x	9.5%	82.0%	104.6%

2025E EV/EBITDA



2025E Leverage Ratio



Notes: Values conform to Spindletop’s midstream/infrastructure comps hand spread.
Sources: Company Disclosures, FactSet Data as of 9/30/2025.

Cheniere

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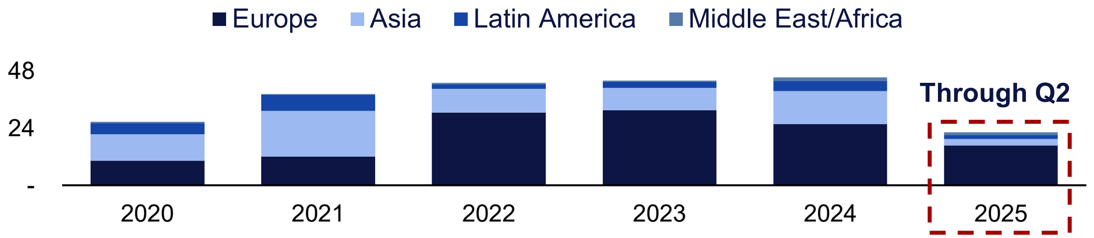
Cheniere Company Overview

Headquartered in Houston, TX, Cheniere served as **America's "first mover"** within the US LNG export story post-shale revolution.

Business Description

MPTA Exports by Country Breakdown



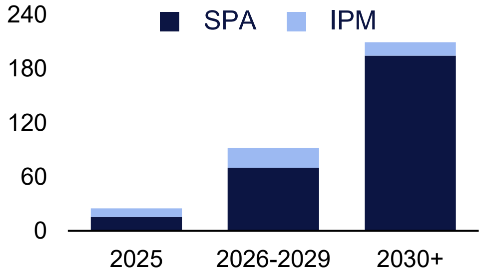
Core Focus: Cheniere operates the Sabine Pass and Corpus Christi LNG terminals on the Gulf Coast, exporting clean energy to over 40 countries.

Understanding Cheniere's Contracts

Sale and Purchase Agreement (SPA): Take-or-pay contract, where a buyer agrees to purchase a set volume of LNG for a specified fixed price

Integrated Production Marketing (IPM): LNG producer buys gas from natural gas producer, subtracts associated liquefaction and shipping costs

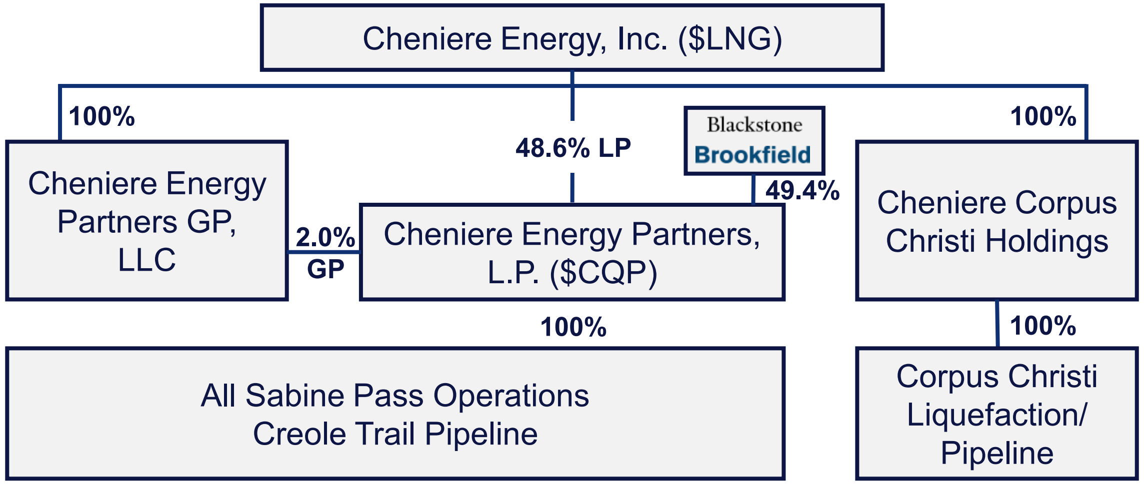
Capacity by Contract Type



~95% of Cheniere's LNG capacity is **secured via long-term contracts**

Business Structure and Total Export Capacity

Cheniere Ownership Diagram



Project	Contract Start	Contract Life
Sabine Pass	30	2016
Corpus Christi	18	2018
Corpus Christi Stage 4	10	2026
Sabine Pass Stage 5	20	2030

Notes: N/A.
Sources: Company Disclosures, Investor Presentations.

Cheniere and LNG Oversupply: *What Happens?*

Although Qatar LNG supply threatens global spreads and US LNG, Cheniere is protected by **a strong contract structure and backlog.**

Oversupply Threat

Risk: Worldwide LNG export capacity is set to increase by ~220 MPTA by 2030, with this increase driven heavily by increased volumes from **the US and Qatar.**

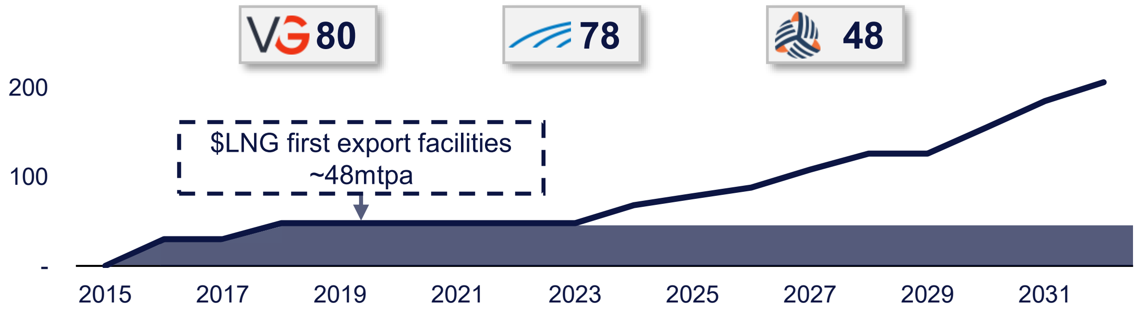
Qatar: Set to bring on ~63 MPTA, with a large share of this **uncontracted.**

Qatari Oversupply Scenarios

Incentivizes contact demand → Secures long-term buyers, steals market share from US LNG exporters, blocks potential FIDS

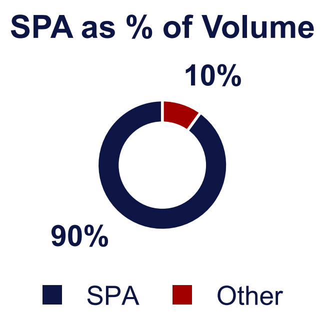
Floods spot market → Depresses global benchmarks and squeezes US marketing margins due to decreased spreads

US "Pure Play" MTPA Export Capacity



Other US LNG operators are set to take **sizeable share** of the export market

Insulated from Spread Risk



SPA EBITDA ≈ Fixed Fees

Revenue = Fixed Fee + (115% x HH)

15% Premium to Cover Feed Gas, Shipping, and Liquefaction Costs

~95% of anticipated production from SPL/CCL contracted through mid-2030s

Contracting New Construction to Protect Capital

Counterparty	Volume (MTPA)	Contract Start	Contract Life
JERA	1	2029	21 years
Galp	0.5	Early 2030s; Train 8 Completion	20 years
ENN	1.8	Estimated 2027; Train 7 Completion	20 years
PetroChina	1.8	2028; was subject to Train 8+9 FID	22 years

SPAs on new builds **secure capital** despite LNG uncertainty

Notes: N/A.
Sources: Company Disclosures, Investor Presentations, IEA, Center on Global Energy Policy at Columbia.

Cheniere Valuation

Contracted growth and incremental capacity support further upside, favoring **Hold** over **Sell**.

Rationale

Growth Drivers: Expansion driven by ~12 mtpa of new run rate capacity by 2030, with ~95% of anticipated volumes already contracted.

Limited Marketing Upside: Marketing revenues not driving a lot of growth due to uncertainty and potentially narrowing of global spreads and arbitrage.

Risk/Reward Balance: Contracted growth provides downside protection, but upside optionality is still possible with unexpected spread widening.

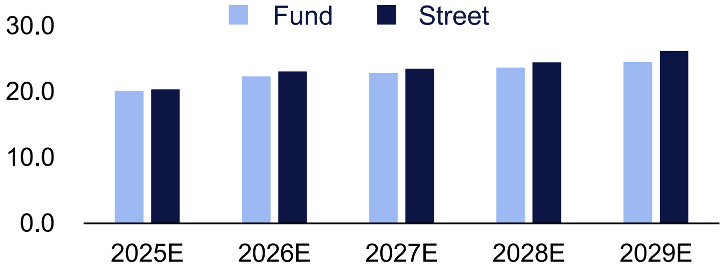
Capacity-driven growth secured by long-term contracts; marketing **upside** retains optionality tied to **global LNG spreads**.

Free Cash Flow Build

Forecast Year	*2025E*	*2026E*	*2027E*	*2028E*	*2029E*
Operating Income (EBIT)	$5,675	$6,348	$6,460	$6,757	$7,111
Tax Rate	16%	16%	16%	16%	16%
NOPAT	**$4,767**	**$5,332**	**$5,426**	**$5,676**	**$5,973**
(+) D&A	1,299	1,429	1,460	1,509	1,530
(–) CapEx	(2,880)	(2,373)	(1,873)	(1,939)	(1,951)
(–) Increase in NWC	(758)	(285)	36	(3)	27
Unlevered FCF	**$2,429**	**$4,103**	**$5,049**	**$5,244**	**$5,579**
Stub Adjustment	(621)	0	0	0	0
Stub-Adjusted Unlevered FCF	**$1,808**	**$4,103**	**$5,049**	**$5,244**	**$5,579**
Time Period	0.26	1.26	2.26	3.26	4.26
Discount Factor	0.13	0.63	1.63	2.63	3.63
PV of Unlevered FCF	**$1,793**	**$3,932**	**$4,523**	**$4,390**	**$4,365**

Revenue Projections and WACC Calculation

Fund Revenue Projections vs Street



WACC Build

Inputs	
Adjusted Beta	0.68
Debt-to-Cap	0.30
Cost of Debt	4.5%
Cost of Equity	6.6%
WACC	6.0%

Sensitivity Analysis

		EBITDA Multiple				
		8.0x	8.5x	9.0x	9.5x	10.0x
	7.00%	$237.46	$252.76	$268.05	$283.34	$298.64
	6.50%	$242.45	$258.01	$273.57	$289.12	$304.68
WACC	6.00%	$247.55	$263.38	$279.20	$295.02	$310.85
	5.50%	$252.76	$268.86	$284.95	$301.05	$317.15
	5.00%	$258.08	$274.45	$290.83	$307.21	$323.59

Implied share price reflects a **17.1% upside** to current market value

Notes: Adjusted Beta refers to Bloomberg's 3Y Weekly Adjusted Beta.
Sources: Company Disclosures, Bloomberg, and FactSet data as of 9/30/2025.

Cheniere Broker Outlook

Most of Wall Street supports a **buy** position for Cheniere, with them predicting **sizeable upside** to LNG’s current share price.

Selected Broker Name	Rating	Price Target
TPH&CO (The Energy Business of Perella Weinberg Partners)	HOLD	$248.00
Rothschild & Co	HOLD	$260.00
MIZUHO	BUY	$273.00
RBC	BUY	$282.00
citi	BUY	$283.00
WELLS FARGO	BUY	$284.00
Jefferies	BUY	$295.00

BBG 12M Target Price: $270.71

Price of $234.98 shows a ~**15.2% implied upside** for for LNG, with reputable brokers having an optimistic outlook

Notes: Bloomberg contains 27 updated price targets, with selected brokers shown above. The 12M Target Price reflects the full range of the 27 price targets.
Sources: Bloomberg data as of 9/24/2025.

Western Midstream

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Western Midstream Company Overview

Focused primarily on the Delaware, WES is a **sizeable L48 midstream player** with operations ranging across both G&P and long-haul assets.

Business Description

Location: WES is primarily focused on the **Delaware,** but it also has other major operations and assets in the DJ, Powder River, and South Texas Basins.

Volumes: Q2 throughput was **5.4 Bcf/d of gas** and **534 MBbls/d of liquids.**

Distribution: WES' current dividend is $0.91/unit, reflecting a **yield of 9.5%.**

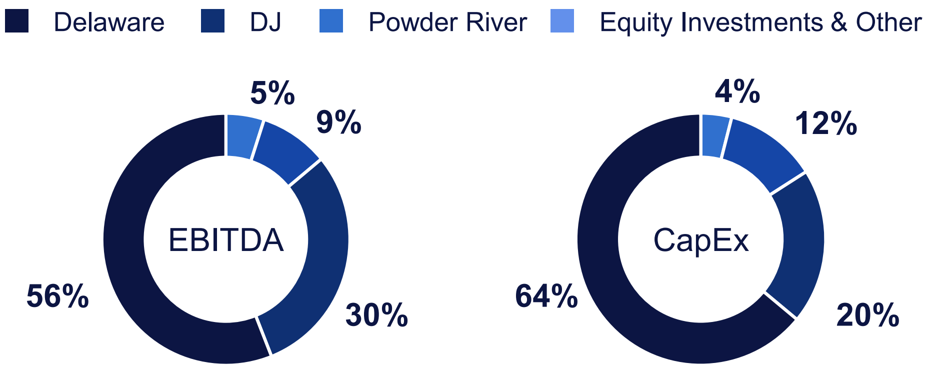
Occidental Relationship: Oxy owns **~45% of WES units,** 2% of WES' LP interest, **is the company's GP,** and provides a large amount of its volumes.

Recent Deals: In August, WES announced **$2.0bn acquisition** of Aris Water Solutions, with this expanding on the firm's Delaware water disposal efforts.

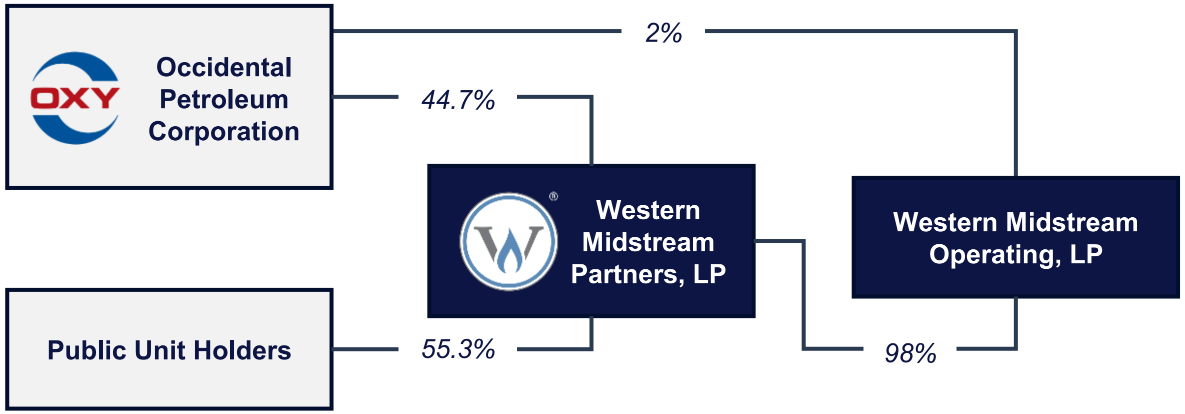
Asset Overview

Midstream Systems	Miles of Pipeline	Q2 '25 Gas Throughput (MMcf/d)	Q2 '25 Liquids Throughput (MBbls/d)
Delaware	2,667	2,104	269
DJ	1,742	1,447	96
Powder River	4,912	479	28

2025E Basin-Level Breakdown



Relationship with Occidental Petroleum



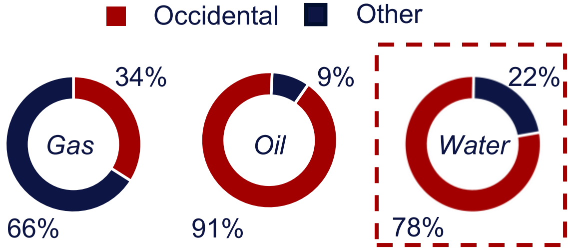
Notes: N/A.
Sources: Company Disclosures, Investor Presentations, FactSet data as of 9/9/2025.

Western Midstream: *"Fighting the Current"*

Despite having a strong asset base, Western Midstream's relationship with Occidental and diversification **clouds the company's story.**

Occidental's Influence: 60% of 2024A WES Revenue

2024A Volumes by Commodity



Recent Oxy Asset Sales

2024	2024	2025
		Private Txns
$818MM	*$779MM*	*$370MM*
Delaware Non-Core	*PRB Permian*	*Delaware Non-Core*

Oxy's disproportionate influence renders this **"package deal"** concerning

Gas G&P vs. Water Disposal

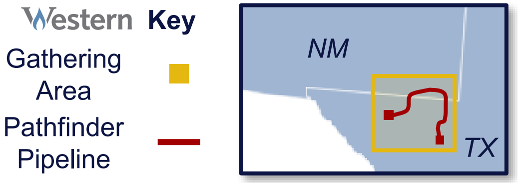
Delaware G&P Deal Activity

KINETIK *EPIC Crude System Interest*
$500MM Sale in Aug. 2025

ONEOK *700 MMCF/D – Delaware JV*
$940MM Acquisition in May 2025

KINETIK *400 MMCF/D – Permian Res.*
$180MM Acquisition in Dec. 2024

Delaware Water Disposal Map



"Intentionally Overbuilt"

Water emphasis **reflects opposite approach** to Delaware competitors

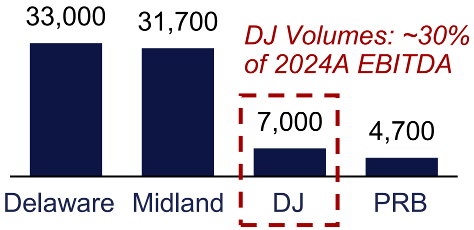
Rocky Mountain Platform

Overview: Exposure to Tier 2+ basins remains a core part of WES' operations.

% Contribution: Powder River Basin

2024A FY EBITDA	5%
Gas Treatment Capacity	11%
2025 CapEx Guidance	20%

Remaining Locations by Basin



Positions **distract capital** from Delaware growth or return to shareholders

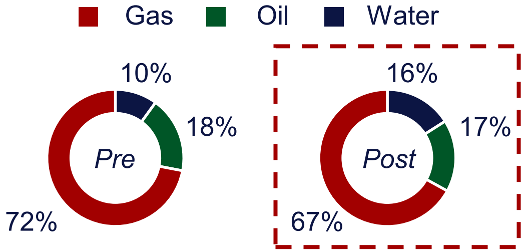
Aris Water Solutions: $2Bn Acquisition

Management Commentary: "Platform grows Delaware Basin cash flows and balances WES across commodities."

High-Level Deal Stats

Aris Contracts - % Dedicated	84%
Handling Capacity (MBbl/d)	~1,800

Aris-Related Volume Info



Impact of deal **does not justify** a shift away from WES' core competencies

Notes: 2024A volumes are not pro-forma for Aris Water Solutions acquisition.
Sources: Company Disclosures, Investor Presentations, Kinetik Disclosures, ONEOK Disclosures, J.P. Morgan Equity Research, FactSet data as of 9/29/2025.

Western Midstream Valuation

DCF analysis of WES provides **modest upside** to the current share price, with Wall Street **expressing concern** regarding the Aris acquisition.

Rationale

WELLS FARGO

August 2025

Aris Acquisition: The deal provides a complementary water footprint into NM, has cost synergies, and is modestly accretive to FCF (due to the multiple and distributions on new WES units)

J.P.Morgan

August 2025

Risk Analysis: A yield above that of peers provides valuation support, but longer-term contract rolls, lower relative growth, and uncertainty with Occidental provide causes for concern.

MIZUHO

August 2025

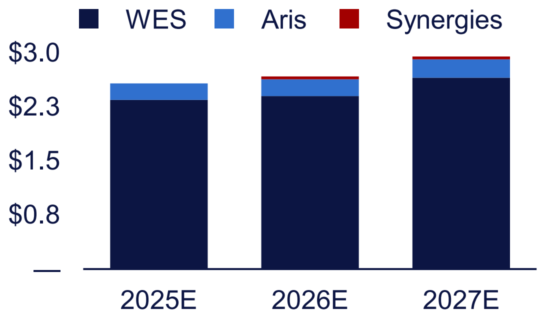
Growth Plans: Expects a combination of modest volume increases, annual cost-of-service rate redeterminations, and new processing plants to yield low single-digit EBITDA growth

Free Cash Flow Build

Forecast Year	*2025E*	*2026E*	*2027E*	*2028E*	*2029E*
Net Income	$1,320	$1,537	$1,775	$1,832	$1,849
(+) Dep. & Am.	714	816	852	882	910
(-) Other	(37)	(113)	(135)	(144)	(153)
Available Cash Flow	**$1,997**	**$2,240**	**$2,492**	**$2,570**	**$2,606**
(-) General Partners Interest	(29)	(30)	(31)	(32)	(33)
Distributable Cash Flow	**$1,968**	**$2,210**	**$2,461**	**$2,538**	**$2,573**
(-) Growth CapEx	(750)	(1,160)	(760)	(725)	(675)
(-) Other Adjustments (Working Capital)	(57)	—	—	—	—
Unlevered FCF	**$1,161**	**$1,050**	**$1,701**	**$1,813**	**$1,898**
Stub Adjustment	(861)	—	—	—	—
Stub-Adjusted Unlevered FCF	300	1,050	1,701	1,813	1,898
Time Period	0.26	1.26	2.26	3.26	4.26
Discount Factor	0.13	0.13	0.13	0.13	0.13
PV of Unlevered FCF	**$297**	**$973**	**$1,473**	**$1,467**	**$1,435**

EBITDA Projections and WACC Calculation

PF EBITDA Contribution



WACC

Inputs	
Adjusted Beta	0.75
Debt-to-Cap	0.31
Cost of Debt	5.7%
Cost of Equity	7.5%
WACC	**7.0%**

Sensitivity Analysis

		EBITDA Multiple				
		7.0x	7.5x	8.0x	8.5x	9.0x
	7.50%	$36.18	$38.98	$41.77	$44.57	$47.37
	7.25%	$36.65	$39.48	$42.30	$45.13	$47.95
WACC	7.00%	$37.13	$39.98	$42.84	$45.69	$48.54
	6.75%	$37.62	$40.50	$43.38	$46.26	$49.14
	6.50%	$38.11	$41.02	$43.93	$46.84	$49.75

Implied share price reflects a **9% upside** to current market value

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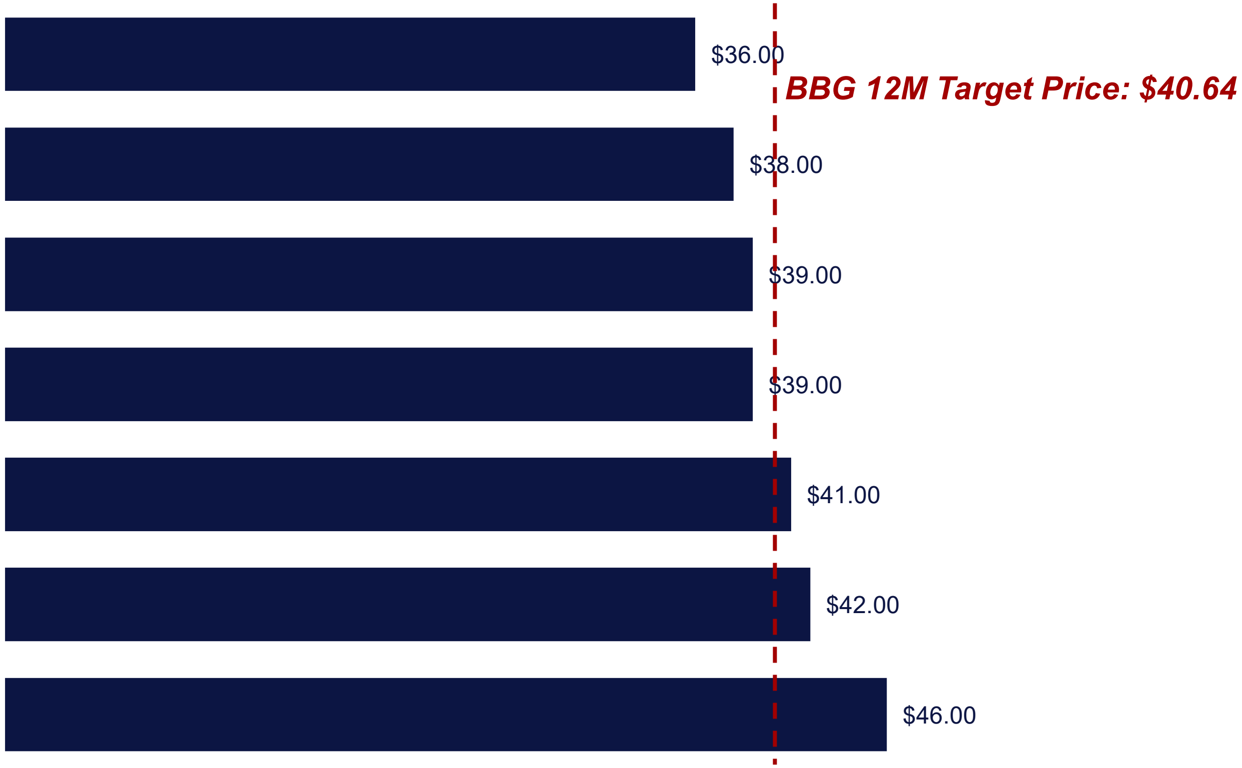
Notes: Projections taken from Wells Fargo Equity Research. Adjusted Beta refers to Bloomberg's 3Y Weekly Adjusted Beta.
Sources: Company Disclosures, Wells Fargo ER, J.P.Morgan ER, Mizuho ER, Bloomberg, and FactSet as of 9/30/2025.

Western Midstream Broker Outlook

Most of Wall Street recommends a hold position for Western Midstream, with them projecting **minimal upside** to WES' current share price.

Selected Broker Name	Rating
TPH&CO (The Energy Business of Perella Weinberg Partners)	HOLD
WELLS FARGO	HOLD
RBC	HOLD
Morgan Stanley	SELL
STIFEL	HOLD
J.P.Morgan	HOLD
MIZUHO	BUY

Price Target



Price of $39.29 shows a ~**3.4% implied upside** for WES, with reputable brokers having mixed feelings regarding Western's outlook

Notes: Bloomberg contains 16 updated price targets, with selected brokers shown above. The 12M Target Price reflects the full range of the 16 price targets.
Sources: Bloomberg data as of 9/24/2025.

Risks

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Risks

Spindletop is continuing to refine our midstream holdings, with these key risks **guiding our refined outlook** on the vertical.

CHENIERE			
Global LNG Oversupply	Global LNG supply is set to grow 60% by 2030 to 890 bcm, with demand growth unlikely to match that pace	Despite having a majority of their volumes contracted, a decline in global gas prices would cut into profit margins	**High**
Qatari Supply Decision	Qatar is developing substantial LNG export capacity with a majority of this new supply being uncontracted	Despite Qatar's history of favoring long-term contracts, they will have the ability to aggressively expand supply and depress global prices	**Medium**
Tightened US Competition	Various US LNG operators are taking the jump to compete with Cheniere's LNG processing capacity	Cheniere has locked up their volumes in SPA contracts, leaving a clear sight for their revenue streams	**Low**
Western Midstream			
Delaware Gas G&P Underperformance	Taking a strong bet by holding Kinetik who is pure play Delaware G&P as opposed to Western who has a more diversified operations profile	Kinetik is positioning themselves to take advantage of rising GOR's in lucrative Lea and Eddy counties, giving the fund confidence in the position	**High**
Legitimacy of Water Infrastructure	Through a sale of Western Midstream, the fund will forego the opportunity to fully capture growth opportunities associated with acquisition of Aris	Still exposed to water infrastructure through Kinetik, which nearly mimics Aris infrastructure in Reeves County	**Medium**
Performance of OXY	60% of Western's revenue is attributable to Occidental Petroleum, and given OXY's prime acreage the fund may in turn be foregoing notable upside	Given the magnitude of reliance on one company, Spindletop feels confident in allocating funds towards more diversified opportunities	**Low**

Conclusion

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Fund Team's Conclusion

A sale of WES will yield ~$10,400 **in gross cash proceeds,** providing the funds needed for a repositioning.

Cheniere Hold

I. LNG Oversupply Risk

Expansion of U.S. LNG export capacity, Qatari supply (and favorable North Field economics), and gas-related trends in Europe may send the LNG market into structural oversupply.

II. Contract Structure

Reduction of the Henry Hub-TTF spread provides cause for concern about the "arbitrage" nature of LNG; however, Cheniere's protected contract structure fully protects its revenues from the negative impacts of a closing spread.

III. Prudent Capital Management and "Leading Player" Standing

Cheniere contracts its volumes prior to terminal construction, with its' sizeable backlog as a leading U.S. LNG player carrying the potential for Cheniere to perform well for a sustained period of time.

LNG Review:

CHENIERE

64 Shares Held

Current Price: $234.98

Hold onto existing Cheniere position

Western Midstream Sale

I. Occidental Relationship

Occidental is over levered and divesting assets which is not in the best interest of Western Midstream who is overdependent on them for revenue. Occidental's controlling position brings conflicts of interests for WES shareholders.

II. Better Opportunities

Redirecting funds into other midstream names aligns better with the fund's midstream needs, as even though valuation shows slight upside, elevated CapEx in non-core basins makes the upside thesis harder to realize.

III. Unnecessary Diversification

The Aris acquisition further clouds the company's growth story, as the deal offers minimal realizable synergies and takes capital away from the company's core midstream operations in the Delaware Basin.

WES Proposed Trade:

Western Midstream

Sell 265 Units at MP ($39.29)

Cash Proceeds: ~$10,400

Re-deploy WES into concentrated midstream/infrastructure positions

Notes: N/A.
Sources: State Street Global Advisors, FactSet market data as of 9/30/2025.

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