

Western Gas Partners LP  
Form 10-Q  
October 31, 2018

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q  
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-34046

WESTERN GAS PARTNERS, LP  
(Exact name of registrant as specified in its charter)  
Delaware 26-1075808  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1201 Lake Robbins Drive 77380  
The Woodlands, Texas  
(Address of principal executive offices) (Zip Code)

(832) 636-6000  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

There were 152,609,285 common units outstanding as of October 29, 2018.

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## TABLE OF CONTENTS

	PAGE
PART I	<u>FINANCIAL INFORMATION (UNAUDITED)</u>
Item 1.	<u>Financial Statements</u>
	<u>Consolidated Statements of Operations for the three and nine months ended September 30, 2018 and 2017</u> 6
	<u>Consolidated Balance Sheets as of September 30, 2018, and December 31, 2017</u> 7
	<u>Consolidated Statement of Equity and Partners' Capital for the nine months ended September 30, 2018</u> 8
	<u>Consolidated Statements of Cash Flows for the nine months ended September 30, 2018 and 2017</u> 9
	<u>Notes to Consolidated Financial Statements</u> 10
	<u>Note 1. Description of Business and Basis of Presentation</u> 10
	<u>Note 2. Revenue from Contracts with Customers</u> 17
	<u>Note 3. Acquisitions and Divestitures</u> 19
	<u>Note 4. Partnership Distributions</u> 20
	<u>Note 5. Equity and Partners' Capital</u> 21
	<u>Note 6. Transactions with Affiliates</u> 24
	<u>Note 7. Property, Plant and Equipment</u> 28
	<u>Note 8. Equity Investments</u> 29
	<u>Note 9. Components of Working Capital</u> 29
	<u>Note 10. Debt and Interest Expense</u> 30
	<u>Note 11. Commitments and Contingencies</u> 32
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 33
	<u>Cautionary Note Regarding Forward-Looking Statements</u> 33
	<u>Executive Summary</u> 35
	<u>Acquisitions and Divestitures</u> 37
	<u>Equity Offerings</u> 38
	<u>Results of Operations</u> 39
	<u>Operating Results</u> 39
	<u>Key Performance Metrics</u> 47
	<u>Liquidity and Capital Resources</u> 53
	<u>Contractual Obligations</u> 57
	<u>Off-Balance Sheet Arrangements</u> 58
	<u>Recent Accounting Developments</u> 58
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u> 58
Item 4.	<u>Controls and Procedures</u> 59
PART II	<u>OTHER INFORMATION</u>
Item 1.	<u>Legal Proceedings</u> 59
Item 1A.	<u>Risk Factors</u> 60
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 61
Item 6.	<u>Exhibits</u> 62

Table of Contents

COMMONLY USED TERMS AND DEFINITIONS

Unless the context otherwise requires, references to “we,” “us,” “our,” the “Partnership” or “Western Gas Partners, LP” refer to Western Gas Partners, LP and its subsidiaries. As used in this Form 10-Q, the terms and definitions below have the following meanings:

**Additional DBJV System Interest:** Our additional 50% interest in the DBJV system acquired from a third party in March 2017.

**Affiliates:** Subsidiaries of Anadarko, excluding us, but including equity interests in Fort Union, White Cliffs, Rendezvous, the Mont Belvieu JV, TEP, TEG, FRP, Whitethorn and Cactus II.

**Anadarko:** Anadarko Petroleum Corporation and its subsidiaries, excluding us and our general partner.

**Barrel or Bbl:** 42 U.S. gallons measured at 60 degrees Fahrenheit.

**Bbls/d:** Barrels per day.

**Board of Directors:** The board of directors of our general partner.

**Btu:** British thermal unit; the approximate amount of heat required to raise the temperature of one pound of water by one degree Fahrenheit.

**Cactus II:** Cactus II Pipeline LLC.

**Chipeta:** Chipeta Processing, LLC.

**Condensate:** A natural gas liquid with a low vapor pressure mainly composed of propane, butane, pentane and heavier hydrocarbon fractions.

**Cryogenic:** The process in which liquefied gases are used to bring natural gas volumes to very low temperatures (below approximately -238 degrees Fahrenheit) to separate natural gas liquids from natural gas. Through cryogenic processing, more natural gas liquids are extracted than when traditional refrigeration methods are used.

**DBJV:** Delaware Basin JV Gathering LLC.

**DBJV system:** A gathering system and related facilities located in the Delaware Basin in Loving, Ward, Winkler and Reeves Counties in West Texas.

**DBM:** Delaware Basin Midstream, LLC.

**DBM complex:** The cryogenic processing plants, gas gathering system, and related facilities and equipment in West Texas that serve production from Reeves, Loving and Culberson Counties, Texas and Eddy and Lea Counties, New Mexico.

**DBM water systems:** Two produced water gathering and disposal systems in West Texas.

**DJ Basin complex:** The Platte Valley system, Wattenberg system and Lancaster plant, all of which were combined into a single complex in the first quarter of 2014.

**EBITDA:** Earnings before interest, taxes, depreciation, and amortization. For a definition of “Adjusted EBITDA,” see Key Performance Metrics under Part I, Item 2 of this Form 10-Q.

**Exchange Act:** The Securities Exchange Act of 1934, as amended.

**Fort Union:** Fort Union Gas Gathering, LLC.

**Fractionation:** The process of applying various levels of higher pressure and lower temperature to separate a stream of natural gas liquids into ethane, propane, normal butane, isobutane and natural gasoline for end-use sale.

**FRP:** Front Range Pipeline LLC.

Table of Contents

GAAP: Generally accepted accounting principles in the United States.

General partner: Western Gas Holdings, LLC.

Hydraulic fracturing: The injection of fluids into the wellbore to create fractures in rock formations, stimulating the production of oil or gas.

Imbalance: Imbalances result from (i) differences between gas and NGL volumes nominated by customers and gas and NGL volumes received from those customers and (ii) differences between gas and NGL volumes received from customers and gas and NGL volumes delivered to those customers.

IPO: Initial public offering.

LIBOR: London Interbank Offered Rate.

Marcellus Interest: Our 33.75% interest in the Larry's Creek, Seely and Warrensville gas gathering systems and related facilities located in northern Pennsylvania.

MBbls/d: Thousand barrels per day.

MGR: Mountain Gas Resources, LLC.

MGR assets: The Red Desert complex and the Granger straddle plant.

MLP: Master limited partnership.

MMBtu: Million British thermal units.

MMcf: Million cubic feet.

MMcf/d: Million cubic feet per day.

Mont Belvieu JV: Enterprise EF78 LLC.

Natural gas liquid(s) or NGL(s): The combination of ethane, propane, normal butane, isobutane and natural gasolines that, when removed from natural gas, become liquid under various levels of higher pressure and lower temperature.

Non-Operated Marcellus Interest: The 33.75% interest in the Liberty and Rome gas gathering systems and related facilities located in northern Pennsylvania that was transferred to a third party in March 2017 pursuant to the Property Exchange.

Produced water: Byproduct associated with the production of crude oil and natural gas that often contains a number of dissolved solids and other materials found in oil and gas reservoirs.

Property Exchange: Our acquisition of the Additional DBJV System Interest from a third party in exchange for the Non-Operated Marcellus Interest and \$155.0 million of cash consideration, as further described in our Forms 8-K filed with the SEC on February 9, 2017, and March 23, 2017.

RCF: Our \$1.5 billion senior unsecured revolving credit facility.

Red Desert complex: The Patrick Draw processing plant, the Red Desert processing plant, associated gathering lines, and related facilities.

Rendezvous: Rendezvous Gas Services, LLC.

Residue: The natural gas remaining after the unprocessed natural gas stream has been processed or treated.

SEC: U.S. Securities and Exchange Commission.

Springfield gas gathering system: A gas gathering system and related facilities located in Dimmit, La Salle, Maverick and Webb Counties in South Texas.

Table of Contents

Springfield oil gathering system: An oil gathering system and related facilities located in Dimmit, La Salle, Maverick and Webb Counties in South Texas.

Springfield system: The Springfield gas gathering system and Springfield oil gathering system.

TEFR Interests: The interests in TEP, TEG and FRP.

TEG: Texas Express Gathering LLC.

TEP: Texas Express Pipeline LLC.

WGP: Western Gas Equity Partners, LP.

White Cliffs: White Cliffs Pipeline, LLC.

Whitethorn LLC: Whitethorn Pipeline Company LLC.

\$500.0 million COP: The continuous offering program that may be undertaken pursuant to the registration statement filed with the SEC in July 2017 for the issuance of up to an aggregate of \$500.0 million of our common units.

Table of Contents

## PART I. FINANCIAL INFORMATION (UNAUDITED)

## Item 1. Financial Statements

WESTERN GAS PARTNERS, LP  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
thousands except per-unit amounts				
Revenues and other – affiliates				
Service revenues – fee based	\$204,090	\$157,303	\$582,579	\$484,601
Service revenues – product based	701	—	1,228	—
Product sales	69,723	185,002	182,372	489,172
Other	—	8,822	—	8,822
Total revenues and other – affiliates	274,514	351,127	766,179	982,595
Revenues and other – third parties				
Service revenues – fee based	205,016	148,884	563,520	428,835
Service revenues – product based	22,034	—	66,205	—
Product sales	5,427	74,139	35,366	201,318
Other	771	545	1,213	3,590
Total revenues and other – third parties	233,248	223,568	666,304	633,743
Total revenues and other	507,762	574,695	1,432,483	1,616,338
Equity income, net – affiliates	43,110	21,519	102,752	62,708
Operating expenses				