

ATLAS PIPELINE PARTNERS LP
Form 10-Q
November 07, 2011
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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, 2011

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: 1-4998

ATLAS PIPELINE PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

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DELAWARE
(State or other jurisdiction of
incorporation or organization)
1550 Coraopolis Heights Road
Moon Township, Pennsylvania
(Address of principal executive office)
23-3011077
(I.R.S. Employer
Identification No.)
15108
(Zip code)
Registrant's telephone number, including area code: (412) 262-2830

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The number of common units of the registrant outstanding on November 2, 2011 was 53,616,683.

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ATLAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES

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Glossary of Terms

Definitions of terms and acronyms generally used in the energy industry and in this report are as follows:

BPD	Barrels per day. Barrel - measurement for a standard US barrel is 42 gallons. Crude oil and condensate are generally reported in barrels.
BTU	British thermal unit, a basic measure of heat energy
Condensate	Liquid hydrocarbons present in casinghead gas that condense within the gathering system and are removed prior to delivery to the gas plant. This product is generally sold on terms more closely tied to crude oil pricing.
FASB	Financial Accounting Standards Board
Fractionation	The process used to separate an NGL stream into its individual components.
GAAP	Generally Accepted Accounting Principles
IFRS	International Financial Reporting Standards
Keep-Whole	Contract with producer whereby plant operator pays for or returns gas having an equivalent BTU content to the gas received at the well-head.
L.P.	Limited Partner or Limited Partnership
MCF	Thousand cubic feet
MCFD	Thousand cubic feet per day
MMBTU	Million British thermal units
MMCFD	Million cubic feet per day
NGL(s)	Natural Gas Liquid(s), primarily ethane, propane, normal butane, isobutane and natural gasoline
Percentage of Proceeds, (POP)	Contract with natural gas producers whereby the plant operator retains a negotiated percentage of the sale proceeds.
Residue gas	The portion of natural gas remaining after natural gas is processed for removal of NGLs and impurities.
SEC	Securities and Exchange Commission
Y-grade	A term utilized in the industry for the NGL stream prior to fractionation, also referred to as raw mix.

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****ATLAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS (Unaudited)**

(in thousands)

	September 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 167	\$ 164
Accounts receivable	117,978	99,759
Notes receivable	8,500	
Current portion of derivative assets	11,887	
Prepaid expenses and other	15,809	15,118
Total current assets	154,341	115,041
Property, plant and equipment, net	1,481,441	1,341,002
Intangible assets, net	109,052	126,379
Investment in joint ventures	86,688	153,358
Long-term portion of derivative assets	26,950	
Other assets, net	21,841	29,068
Total assets	\$ 1,880,313	\$ 1,764,848
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 2,054	\$ 210
Accounts payable - affiliates	2,676	12,280
Accounts payable	45,279	29,382
Accrued liabilities	40,378	30,013
Accrued interest payable	5,896	1,921
Current portion of derivative liabilities		4,564
Accrued producer liabilities	89,658	72,996
Distribution payable		240
Total current liabilities	185,941	151,606
Long-term portion of derivative liabilities		5,608
Long-term debt, less current portion	423,927	565,764
Other long-term liability	127	223
Commitments and contingencies		
Equity:		
General Partner's interest	24,639	20,066
Class C preferred limited partner's interest		8,000
Common limited partners' interests	1,281,650	1,057,342
Accumulated other comprehensive loss	(6,106)	(11,224)

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Total partners' capital	1,300,183	1,074,184
Non-controlling interest	(29,865)	(32,537)
Total equity	1,270,318	1,041,647
Total liabilities and equity	\$ 1,880,313	\$ 1,764,848

See accompanying notes to consolidated financial statements

Table of Contents**ATLAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per unit data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Revenue:				
Natural gas and liquids	\$ 341,498	\$ 220,478	\$ 937,975	\$ 641,978
Transportation, processing and other fees third parties	11,612	9,810	31,280	29,472
Transportation, processing and other fees affiliates	79	141	256	472
Other income (loss), net	26,591	(4,311)	17,317	10,576
Total revenue and other income (loss), net	379,780	226,118	986,828	682,498
Costs and expenses:				
Natural gas and liquids	282,391	178,920	774,859	521,495
Plant operating	14,085	12,552	40,240	36,492
Transportation and compression	268	300	603	721
General and administrative	8,686	7,203	25,477	22,396
Compensation reimbursement affiliates	463	375	1,344	1,125
Other costs	8		583	
Depreciation and amortization	19,471	18,566	57,499	55,647
Interest	5,935	23,087	24,525	74,085
Total costs and expenses	331,307	241,003	925,130	711,961
Equity income in joint ventures	1,785	1,787	2,934	4,137
Gain on asset sale			255,674	
Loss on early extinguishment of debt		(4,359)	(19,574)	(4,359)
Income (loss) from continuing operations	50,258	(17,457)	300,732	(29,685)
Discontinued operations:				
Gain (loss) on sale of discontinued operations		311,492	(81)	311,492
Earnings (loss) from discontinued operations		(5,565)		9,192
Income (loss) from discontinued operations		305,927	(81)	320,684
Net income	50,258	288,470	300,651	290,999
Income attributable to non-controlling interests	(1,760)	(1,076)	(4,492)	(3,338)
Preferred unit dividends		(240)	(389)	(240)
Net income attributable to common limited partners and the General Partner	\$ 48,498	\$ 287,154	\$ 295,770	\$ 287,421

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ATLAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in thousands, except per unit data)

	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2010
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