

Western Gas Partners LP
Form 424B3
May 13, 2013
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-174043

The information in this preliminary prospectus supplement and the accompanying base prospectus is not complete and may be changed. A registration statement relating to these securities has been declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying base prospectus are not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION

Preliminary Prospectus Supplement

MAY 13, 2013

(To Prospectus dated May 9, 2011)

6,100,000 Common Units
Representing Limited Partner Interests

We are selling 6,100,000 common units representing limited partner interests in Western Gas Partners, LP.

Our common units are listed on the New York Stock Exchange under the symbol WES. The last reported sale price on the New York Stock Exchange of our common units on May 10, 2013 was \$62.78 per common unit.

Investing in our common units involves risks. Limited partnerships are inherently different than corporations. See Risk Factors on page S-7 of this prospectus supplement and on page 5 of the accompanying base prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement and the accompanying base prospectus are truthful and complete. Any representation to the contrary is a criminal offense.

	Per Common Unit	Total
Public Offering Price	\$	\$
Underwriting Discount	\$	\$
Proceeds to Western Gas Partners, LP (before expenses)	\$	\$

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We have granted the underwriters an option to purchase up to 915,000 additional common units from us at the initial price to the public less the underwriting discount. If the underwriters exercise the option in full, the total underwriting discounts and commissions will be \$ and the total proceeds to us, before expenses, will be \$.

The underwriters are offering the common units as set forth under Underwriting. Delivery of the common units will be made on or about , 2013.

Joint Book-Running Managers

RBC CAPITAL MARKETS

BARCLAYS

CITIGROUP

DEUTSCHE BANK SECURITIES

MORGAN STANLEY

UBS INVESTMENT BANK

WELLS FARGO SECURITIES

Co-Managers

GOLDMAN, SACHS & Co.

J.P. MORGAN

STIFEL

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This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of common units. The second part is the accompanying base prospectus, which gives more general information, some of which may not apply to this offering of common units. Generally, when we refer only to the prospectus, we are referring to both parts combined. If the information about the common unit offering varies between this prospectus supplement and the accompanying base prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated by reference into this prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Please read **Information Incorporated by Reference** on page S-24 of this prospectus supplement.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying base prospectus and any free writing prospectus prepared by us or on our behalf relating to this offering of common units. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We and the underwriters are offering to sell the common units, and seeking offers to buy the common units, only in jurisdictions where such offers and sales are permitted. You should not assume that the information contained in this prospectus supplement, the accompanying base prospectus or any free writing prospectus is accurate as of any date other than the dates shown in these documents or that any information we have incorporated by reference herein is accurate as of any date other than the

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date of the applicable document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

None of Western Gas Partners, LP, the underwriters or any of their respective representatives is making any representation to you regarding the legality of an investment in our common units by you under applicable laws. You should consult with your own advisors as to legal, tax, business, financial and related aspects of an investment in our common units.

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SUMMARY

*This summary highlights information contained elsewhere in or incorporated by reference into this prospectus supplement and the accompanying base prospectus. It does not contain all of the information that you should consider before making an investment decision. You should read this entire prospectus supplement, the accompanying base prospectus and the documents incorporated herein by reference for a more complete understanding of this offering of common units. Please read **Risk Factors** on page S-7 of this prospectus supplement and on page 5 of the accompanying base prospectus for information regarding risks you should consider before investing in our common units. Unless the context otherwise indicates, the information included in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional common units.*

*Throughout this prospectus supplement, when we use the terms **we**, **us**, **our** or **the partnership**, we are referring either to Western Gas Partners, LP in its individual capacity or to Western Gas Partners, LP and its subsidiaries collectively, as the context requires. References in this prospectus supplement to **our general partner** refer to Western Gas Holdings, LLC, the general partner of Western Gas Partners, LP.*

Our Business

We are a growth-oriented Delaware master limited partnership organized by Anadarko Petroleum Corporation (**Anadarko**) to own, operate, acquire and develop midstream energy assets. We currently own assets located in East, West and South Texas, the Rocky Mountains (Colorado, Utah and Wyoming), north-central Pennsylvania, and the Mid-Continent (Kansas and Oklahoma) and are engaged in the business of gathering, processing, compressing, treating and transporting natural gas, condensate, natural gas liquids (**NGLs**) and crude oil for Anadarko and its consolidated subsidiaries, as well as for third-party producers and customers. Approximately two-thirds of our services are provided under long-term contracts with fee-based rates with the remainder provided under percent-of-proceeds and keep-whole contracts. We have entered into fixed-price swap agreements with Anadarko to manage the commodity price risk inherent in our percent-of-proceeds and keep-whole contracts. A substantial part of our business is conducted under long-term contracts with Anadarko.

We believe that one of our principal strengths is our relationship with Anadarko, and that Anadarko, through its significant indirect economic interest in us, will continue to be motivated to promote and support the successful execution of our business plan and to pursue projects that help to enhance the value of our business. Approximately 76% and 60% of our natural gas gathering, transportation and treating throughput (excluding equity investment throughput and volumes measured in barrels) during the year ended December 31, 2012 and the three months ended March 31, 2013, respectively, was attributable to natural gas production owned or controlled by Anadarko. Approximately 59% and 55% of our processing throughput (excluding equity investment throughput and volumes measured in barrels) during the year ended December 31, 2012 and the three months ended March 31, 2013, respectively, was attributable to natural gas production owned or controlled by Anadarko.

Our Assets

As of March 31, 2013, we owned and operated twelve natural gas gathering systems, seven natural gas treating facilities, seven natural gas processing facilities, two NGL pipelines, one interstate natural gas pipeline and one intrastate natural gas pipeline. In addition, we had interests in two non-operated natural gas gathering systems, one operated natural gas gathering system and two operated natural gas processing

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facilities, with separate interests accounted for under the equity method in two natural gas gathering systems and a crude oil pipeline.

Recent Developments

Acquisitions

On March 1, 2013, we acquired a 33.75% non-operated interest in two gathering systems that serve production from the Marcellus shale in north-central Pennsylvania from a subsidiary of Anadarko. The consideration for the Marcellus acquisition from Anadarko consisted of \$465.5 million in cash and 449,129 of our common units. On March 8, 2013, we acquired a separate 33.75% interest in three additional gathering systems that also serve production from the Marcellus shale from a third party. The consideration for the third-party Marcellus acquisition consisted of approximately \$134.9 million in cash (after purchase price adjustments).

First Quarter Distribution

On April 17, 2013, the board of directors of our general partner declared a cash distribution to our unitholders of \$0.54 per common unit, or \$70.1 million in aggregate, including incentive distributions, for the quarter ended March 31, 2013. The cash distribution is payable on May 13, 2013 to unitholders of record at the close of business on April 30, 2013. This distribution represents a 4% increase over the distribution of \$0.52 per common unit paid for the quarter ended December 31, 2012 and a 17% increase over the distribution of \$0.46 per common unit paid for the quarter ended March 31, 2012.

Participation of Insiders

Donald R. Sinclair, the President and Chief Executive Officer and a director of our general partner, Benjamin M. Fink, Senior Vice President, Chief Financial Officer and Treasurer of our general partner, Danny J. Rea, Senior Vice President and Chief Operating Officer of our general partner, and James R. Crane, a director of our general partner, are expected to purchase an aggregate of approximately \$1.8 million of common units in connection with this offering at the public offering price.

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Ownership and Principal Offices of Western Gas Partners, LP

The chart below depicts our organization and ownership structure after giving effect to this offering.

Our principal executive offices are located at 1201 Lake Robbins Drive, The Woodlands, Texas 77380-1046, and our telephone number is (832) 636-6000. Our website is located at <http://www.westerngas.com>. The information on our website is not part of this prospectus.

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The Offering

Common Units Offered by Us	6,100,000 common units, or 7,015,000 common units if the underwriters exercise in full their option to purchase additional common units.
Common Units Outstanding Before This Offering	105,109,682 common units.
Common Units Outstanding After This Offering	111,209,682 common units, or 112,124,682 common units if the underwriters exercise in full their option to purchase additional common units.
Use of Proceeds	<p>We expect to receive net proceeds from this offering of approximately \$ million, or approximately \$ million if the underwriters exercise their option to purchase additional common units in full, in each case including our general partner's proportionate capital contribution and after deducting the underwriting discount and estimated offering expenses payable by us.</p> <p>We intend to use the net proceeds from this offering for general partnership purposes, including the funding of capital expenditures and the repayment of a portion of the outstanding borrowings under our revolving credit facility. See Use of Proceeds.</p> <p>Affiliates of certain underwriters are lenders under our revolving credit facility, and as such, will receive a portion of the proceeds from this offering pursuant to any repayment of borrowings under such facility. See Underwriting.</p>
Cash Distributions	<p>Our partnership agreement requires us to distribute all of our cash on hand at the end of each quarter (including, at our general partner's election, all or a portion of cash on hand resulting from working capital borrowings made after the end of the quarter), less reserves established by our general partner. We refer to this cash as available cash, and we define its meaning in our partnership agreement.</p> <p>On April 17, 2013, the board of directors of our general partner declared a cash distribution to our unitholders of \$0.54 per common unit, or \$70.1 million in aggregate, including incentive distributions, for the quarter ended March 31, 2013. The cash distribution is payable on May 13, 2013 to unitholders of record at the close of business on April 30, 2013. Record holders of common units purchased in this offering will not be entitled to receive this cash distribution. We expect the first distribution payable to the purchasers of the common units offered hereby will be paid in August 2013.</p>

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Issuance of Additional Securities	We can issue an unlimited number of common units and debt securities without the consent of our unitholders.
Voting Rights	Our general partner manages and operates us. Common unitholders have only limited voting rights on matters affecting our business. Common unitholders have no right to elect our general partner or its directors on an annual or other continuing basis. Our general partner may not be removed except by a vote of the holders of at least 66 2/3% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class. Upon consummation of this offering, our general partner and its affiliates will own an aggregate of approximately 43.8% of our common units. This will give them the ability to prevent our general partner's involuntary removal.
Eligible Holders and Redemption	<p>Only Eligible Holders are entitled to receive distributions or be allocated income or loss from us. Eligible Holders are:</p> <p>individuals or entities subject to United States federal income taxation on the income generated by us; or</p> <p>entities not subject to United States federal taxation on the income generated by us, so long as all of the entity's owners are subject to such taxation.</p> <p>We have the right, which we may assign to any of our affiliates, but not the obligation, to acquire all of the common units of any holder that is not an Eligible Holder or that has failed to certify or has falsely certified that such holder is an Eligible Holder. The purchase price for such acquisition would be equal to the lesser of the holder's purchase price and the then-current market price of the common units and may be paid in cash or by delivery of a promissory note, as determined by our general partner.</p>
Estimated Ratio of Taxable Income to Distributions	We estimate that if you own the common units you purchase in this offering through the record date for distributions for the period ending December 31, 2015, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 20% or less of the cash distributed to you with respect to that period. For example, if you receive an annual distribution of \$2.16 per common unit, we estimate that your average allocable federal taxable income per year will be no more than \$0.432 per common unit. Please read "Certain U.S. Federal Income Tax Considerations."

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Certain U.S. Federal Income Tax Considerations	For a discussion of other material federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read Certain U.S. Federal Income Tax Considerations in this prospectus supplement and Income Tax Considerations in the accompanying base prospectus.
New York Stock Exchange Symbol	WES.
Risk Factors	You should read Risk Factors on page S-7 of this prospectus supplement and on page 5 of the accompanying base prospectus and found in the documents incorporated herein by reference, as well as the other cautionary statements throughout this prospectus supplement, to ensure you understand the risks associated with an investment in our common units.

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RISK FACTORS

An investment in our common units involves risk. Before making an investment in the common units offered hereby, you should carefully consider the risk factors included under the caption "Risk Factors" beginning on page 5 of the accompanying base prospectus, as well as the risk factors included in Item 1A. Risk Factors in our Form 10-K for the fiscal year ended December 31, 2012, together with all of the other information included or incorporated by reference in this prospectus supplement. If any of these risks were to occur, our business, financial condition or results of operations could be materially and adversely affected. In such case, the trading price of the common units could decline, and you could lose all or part of your investment.

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USE OF PROCEEDS

We expect to receive net proceeds from this offering of approximately \$ million, or approximately \$ million if the underwriters exercise their option to purchase additional common units in full, in each case including our general partner's proportionate capital contribution and after deducting the underwriting discount and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering for general partnership purposes, including the funding of capital expenditures and the repayment of a portion of the outstanding borrowings under our revolving credit facility.

As of May 10, 2013, borrowings outstanding under the revolving credit facility were \$495 million and had a weighted average interest rate of approximately 1.70%. The revolving credit facility has a maturity date of March 24, 2016 and bears interest at LIBOR plus applicable margins ranging from 1.30% to 1.90%, or at an alternate base rate equal to the greatest of (a) the Prime Rate, (b) the Federal Funds Effective Rate plus 0.5%, or (c) LIBOR plus 1%, in each case plus applicable margins ranging from 0.30% to 0.90%. The current borrowings under the revolving credit facility were incurred for general partnership purposes and to fund a portion of the cash consideration for our acquisitions described under [Summary](#) [Recent Developments](#) [Acquisitions](#). For a detailed description of our revolving credit facility, please read [Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations](#) [Results of Operations](#) [Liquidity and Capital Resources](#) in our Form 10-Q for the quarter ended March 31, 2013, which is incorporated by reference into this prospectus supplement.

Affiliates of certain underwriters are lenders under our revolving credit facility and, as such, will receive a portion of the proceeds from this offering pursuant to any repayment of borrowings under such facility. See [Underwriting](#).

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The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2013 on:

a historical basis;

as adjusted to reflect the sale of common units in this offering, our general partner's proportionate capital contribution, and the application of the net proceeds therefrom as described in Use of Proceeds.

	As of March 31, 2013	
	Historical	As Adjusted
	(In thousands)	
Cash and cash equivalents	\$ 63,516	\$
Revolving credit facility(1)	385,000	385,000
5.375% Senior Notes due 2021(2)	494,786	494,786
4.000% Senior Notes due 2022(2)	673,533	673,533
Total debt	\$ 1,553,319	\$ 1,553,319
Partners' capital/parent net investment:		
Common units	\$ 1,692,173	\$
General partner units	54,918	
Non-controlling interests	71,336	
Total equity and partners' capital	\$ 1,818,427	\$
Total capitalization	\$ 3,371,746	\$

(1) As of May 10, 2013, total borrowings under our revolving credit facility were \$495 million.

(2) Net of unamortized discount.

You should read our financial statements and notes thereto that are incorporated by reference into this prospectus supplement and the accompanying base prospectus for additional information about our capital structure. The table above does not reflect any common units that may be sold to the underwriters upon exercise of their option to purchase additional common units.

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Our common units trade on the New York Stock Exchange under the symbol WES. The following table shows the high and low sales prices per common unit, as reported by the New York Stock Exchange, and cash distributions paid per common unit and subordinated unit for the periods indicated.

Quarter Ended	High	Low	Distribution per Limited Partner Unit
June 30, 2013 (through May 10, 2013)	\$ 63.57	\$ 55.57	(1)
March 31, 2013	\$ 59.81	\$ 46.82	\$ 0.540
December 30, 2012	\$ 53.17	\$ 45.10	\$ 0.520
September 30, 2012	\$ 51.28	\$ 43.29	\$ 0.500
June 30, 2012	\$ 47.50	\$ 41.15	\$ 0.480
March 31, 2012	\$ 47.97	\$ 38.94	\$ 0.460
December 31, 2011	\$ 41.35	\$ 31.40	\$ 0.440
September 30, 2011	\$ 37.43	\$ 30.75	\$ 0.420
June 30, 2011	\$ 37.48	\$ 33.83	\$ 0.405
March 31, 2011	\$ 36.40	\$ 29.96	\$ 0.390

(1) The distribution with respect to the quarter ending June 30, 2013 has not yet been declared or paid. We expect to declare and pay a cash distribution within 45 days following the end of the quarter.

The last reported trading price of our common units on the New York Stock Exchange on May 10, 2013 was \$62.78 per common unit. As of May 10, 2013, there were 22 record holders of our common units. Please see our registration statement on Form 8-A (File No. 1-34046) filed on May 6, 2008, which is incorporated herein, for a description of our common units.

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CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The tax consequences to you of an investment in our common units will depend in part on your own tax circumstances. For a discussion of the principal federal income tax considerations associated with our operations and the purchase, ownership and disposition of our common units, please read **Income Tax Considerations** in the accompanying base prospectus, as supplemented herein. Specifically, subject to the discussion below, Vinson & Elkins L.L.P. affirms each of the legal conclusions and adopts the opinions of Bingham McCutchen LLP included therein as its own. Please also read **Item 1A. Risk Factors – Tax Risks to Common Unitholders** in our Form 10-K for the year ended December 31, 2012 for a discussion of the tax risks related to purchasing and owning our common units. You are urged to consult with your own tax advisor about the federal, state, local and foreign tax consequences peculiar to your circumstances. The following discussion is limited as described under the caption **Income Tax Considerations** in the accompanying base prospectus.

Partnership Status

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS on this or any other tax matter affecting us. In order to be treated as a partnership for federal income tax purposes, at least 90% of our gross income must be from specific qualifying sources, such as the transportation of natural gas and natural gas products or other passive types of income such as dividends. Further, if we were required to register under the Investment Company Act of 1940, we would be taxed as a corporation even if we met the qualifying income exception. For a more complete description of the qualifying income requirement and the impact of Investment Company Act registration on our status as a partnership for federal income tax purposes, please read **Income Tax Considerations – Partnership Status** in the accompanying base prospectus.

Current law may also change so as to cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity-level taxation. For example, from time to time, members of Congress propose and consider substantive changes to the existing U.S. federal income tax laws that affect publicly traded partnerships. Recently, one such legislative proposal would have eliminated the qualifying income exception upon which we rely for our treatment as a partnership for federal income tax purposes. We are unable to predict whether any such changes will ultimately be enacted. However, it is possible that a change in law could affect us and may be applied retroactively. In addition, because of widespread state budget deficits, several states are evaluating ways to subject partnerships to entity-level taxation through the implementation of state income, franchise or other forms of taxation. If any state were to impose a tax upon us as an entity, our cash available for distribution would be reduced. Any such changes of existing laws could negatively impact the value of an investment in our common units.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay state income tax at varying rates. Distributions to you would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to you. Because a tax would be imposed upon us as a corporation, our cash available for distribution to you would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to the unitholders, likely causing a substantial reduction in the value of our common units.

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Ratio of Taxable Income to Distributions

We estimate that if you purchase common units in this offering and own them through December 31, 2015, then you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 20% or less of the cash distributed with respect to that period. Thereafter, we anticipate that the ratio of allocable taxable income to cash distributions to the unitholders will increase. A substantial portion of our unitholders' allocable share of our taxable income will be attributable to the interest income from our loan to Anadarko, which is treated as portfolio income. A unitholder subject to the passive loss limitations will not be able to offset his share of this portfolio income with his allocable share of our operating deductions and loss. For a further discussion of the passive loss limitations, please read "Income Tax Considerations—Tax Consequences of Unit Ownership—Limitations on Deductibility of Losses" in the accompanying base prospectus. These estimates are based upon the assumption that gross income from operations will approximate the amount required to make distributions on all units and other assumptions with respect to capital expenditures, cash flow, net working capital and anticipated cash distributions. These estimates and assumptions are subject to, among other things, numerous business, economic, regulatory, legislative, competitive and political uncertainties beyond our control. Further, the estimates are based on current tax law and tax reporting positions that we will adopt and with which the IRS could disagree. Accordingly, we cannot assure you that these estimates will prove to be correct. The actual ratio of taxable income to distributions could be higher or lower than expected, and any differences could be material and could materially affect the value of the common units. For example, the ratio of allocable taxable income to cash distributions to a purchaser of common units in this offering will be greater, and perhaps substantially greater, than our estimate with respect to the period described above if:

gross income from operations exceeds the amount required to maintain the current distribution amount on all units, yet we only distribute the current distribution amount on all units; or

we make a future offering of common units and use the proceeds of the offering in a manner that does not produce substantial additional deductions during the period described above, such as to repay indebtedness outstanding at the time of this offering or to acquire property that is not eligible for depreciation or amortization for federal income tax purposes or that is depreciable or amortizable at a rate significantly slower than the rate applicable to our assets at the time of this offering.

Alternative Minimum Tax

Each unitholder will be required to take into account his distributive share of any items of our income, gain, loss or deduction for purposes of the alternative minimum tax. The current minimum tax rate for noncorporate taxpayers is 26% on the first \$179,500 of alternative minimum taxable income in excess of the exemption amount and 28% on any additional alternative minimum taxable income. Prospective unitholders are urged to consult with their tax advisors as to the impact of an investment in units on their liability for the alternative minimum tax.

Tax Rates

Beginning January 1, 2013, the highest marginal U.S. federal income tax rates for individuals applicable to ordinary income and long-term capital gains (generally, capital gains on certain assets held for more than 12 months) are 39.6% and 20%, respectively. Moreover, these rates are subject to change by new legislation at any time.

A 3.8% Medicare tax on net investment income earned by individuals, estates and trusts applies for taxable years beginning after December 31, 2012. For these purposes, net investment income generally includes a common unitholder's allocable share of our income and gain realized by a common unitholder

from a sale of common units. In the case of an individual, the tax will be imposed on the lesser of (1) the

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common unitholder's net investment income from all investments or (2) the amount by which the common unitholder's modified adjusted gross income exceeds \$250,000 (if the common unitholder is married and filing jointly or a surviving spouse), \$125,000 (if the common unitholder is married and filing separately) or \$200,000 (in any other case). In the case of an estate or trust, the tax will be imposed on the lesser of (i) undistributed net investment income, or (ii) the excess adjusted gross income over the dollar amount at which the highest income tax bracket applicable to an estate or trust begins.

Disposition of Common Units

Recognition of Gain or Loss

Gain or loss will be recognized on a sale of units equal to the difference between the unitholder's amount realized and the unitholder's tax basis for the units sold. A unitholder's amount realized will be measured by the sum of the cash or the fair market value of other property received by him plus his share of our nonrecourse liabilities attributable to the common units sold. Because the amount realized includes a unitholder's share of our nonrecourse liabilities, the gain recognized on the sale of units could result in a tax liability in excess of any cash received from the sale.

Prior distributions from us in excess of cumulative net taxable income for a common unit that decreased a unitholder's tax basis in that common unit will, in effect, become taxable income if the common unit is sold at a price greater than the unitholder's tax basis in that common unit, even if the price received is less than his original cost.

Except as noted below, gain or loss recognized by a unitholder, other than a dealer in units, on the sale or exchange of a unit will generally be taxable as capital gain or loss. Capital gain recognized by an individual on the sale of units held for more than twelve months will generally be taxed at favorable rates, currently a maximum U.S. federal income tax rate of 20%. However, a portion of this gain or loss, which will likely be substantial, will be separately computed and taxed as ordinary income or loss under Section 751 of the Internal Revenue Code to the extent attributable to assets giving rise to depreciation recapture or other unrealized receivables or to inventory items we own. The term unrealized receivables includes potential recapture items, including depreciation recapture. Ordinary income attributable to unrealized receivables, inventory items and depreciation recapture may exceed net taxable gain realized upon the sale of a unit and may be recognized even if there is a net taxable loss realized on the sale of a unit. Thus, a unitholder may recognize both ordinary income and a capital loss upon a sale of units. Capital losses may offset capital gains and no more than \$3,000 of ordinary income, in the case of individuals, and may only be used to offset capital gains in the case of corporations.

The IRS has ruled that a partner who acquires interests in a partnership in separate transactions must combine those interests and maintain a single adjusted tax basis for all those interests. Upon a sale or other disposition of less than all of those interests, a portion of that tax basis must be allocated to the interests sold using an equitable apportionment method, which generally means that the tax basis allocated to the interest sold equals an amount that bears the same relation to the partner's tax basis in his entire interest in the partnership as the value of the interest sold bears to the value of the partner's entire interest in the partnership. Treasury Regulations under Section 1223 of the Internal Revenue Code allow a selling unitholder who can identify common units transferred with an ascertainable holding period to elect to use the actual holding period of the common units transferred. Thus, according to the ruling discussed above, a common unitholder will be unable to select high or low basis common units to sell as would be the case with corporate stock, but, according to the Treasury Regulations, may designate specific common units sold for purposes of determining the holding period of units transferred. A unitholder electing to use the actual holding period of common units transferred must consistently use that identification method for all subsequent sales or exchanges of common units. A unitholder considering the purchase of additional units

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or a sale of common units purchased in separate transactions is urged to consult his tax advisor as to the possible consequences of this ruling and application of the Treasury Regulations.

Specific provisions of the Internal Revenue Code affect the taxation of some financial products and securities, including partnership interests, by treating a taxpayer as having sold an appreciated partnership interest, one in which gain would be recognized if it were sold, assigned or terminated at its fair market value, if the taxpayer or related persons enter(s) into:

a short sale;

an offsetting notional principal contract; or

a futures or forward contract with respect to the partnership interest or substantially identical property.

Moreover, if a taxpayer has previously entered into a short sale, an offsetting notional principal contract or a futures or forward contract with respect to the partnership interest, the taxpayer will be treated as having sold that position if the taxpayer or a related person then acquires the partnership interest or substantially identical property. The Secretary of the Treasury is also authorized to issue regulations that treat a taxpayer that enters into transactions or positions that have substantially the same effect as the preceding transactions as having constructively sold the financial position.

State, Local, Foreign and Other Tax Considerations

In addition to federal income taxes, you likely will be subject to other taxes, such as state, local and foreign income taxes, unincorporated business taxes, and estate, inheritance or intangible taxes that may be imposed by the various jurisdictions in which we conduct business or own property or in which you are a resident. Although an analysis of those various taxes is not presented here, each prospective unitholder should consider their potential impact on his investment in us. We currently own property or conduct business in the states of Colorado, Kansas, Oklahoma, Texas, Utah, Wyoming and Pennsylvania. Each of these states, other than Texas and Wyoming, currently imposes a personal income tax, and all of these states also impose taxes on income of corporations and other entities. We may also own property or do business in other jurisdictions in the future. Although you may not be required to file a return and pay taxes in some jurisdictions because your income from that jurisdiction falls below the filing and payment requirement, you will be required to file income tax returns and to pay income taxes in many of these jurisdictions in which we conduct business or own property and may be subject to penalties for failure to comply with those requirements. In some jurisdictions, tax losses may not produce a tax benefit in the year incurred and may not be available to offset income in subsequent taxable years. Some of the jurisdictions may require us, or we may elect, to withhold a percentage of income from amounts to be distributed to a unitholder who is not a resident of the jurisdiction. Withholding, the amount of which may be greater or less than a particular unitholder's income tax liability to the jurisdiction, generally does not relieve a nonresident unitholder from the obligation to file an income tax return. Amounts withheld will be treated as if distributed to unitholders for purposes of determining the amounts distributed by us. Please read **Income Tax Considerations** **Tax Consequences of Unit Ownership** **Entity-Level Collections** in the accompanying base prospectus. Based on current law and our estimate of our future operations, our general partner anticipates that any amounts required to be withheld will not be material.

It is the responsibility of each unitholder to investigate the legal and tax consequences, under the laws of pertinent jurisdictions, of his investment in us. Accordingly, each prospective unitholder is urged to consult, and depend upon, his tax counsel or other advisor with regard to those matters. Further, it is the responsibility of each unitholder to file all state, local and foreign, as well as U.S. federal tax returns that

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may be required of him. Vinson & Elkins LLP has not rendered an opinion on the state, local or foreign tax consequences of an investment in us.

Tax Exempt Organizations and Other Investors

Ownership of common units by tax-exempt entities, regulated investment companies and non-U.S. investors raises issues unique to such persons. Please read "Income Tax Considerations—Tax-Exempt Organizations and Other Investors" in the accompanying base prospectus.

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UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the common units being offered. RBC Capital Markets, LLC, Barclays Capital Inc., Citigroup Global Markets Inc., Deutsche Bank Securities Inc., Morgan Stanley & Co. LLC, UBS Securities LLC and Wells Fargo Securities, LLC are acting as representatives of the underwriters named below and as joint book-running managers of this offering. Under the terms of the underwriting agreement and subject to the conditions therein, each of the underwriters named below has severally agreed to purchase from us the number of common units shown opposite the underwriter's name:

Underwriters	Number of Common Units
RBC Capital Markets, LLC.	
Barclays Capital Inc.	
Citigroup Global Markets Inc.	
Deutsche Bank Securities Inc.	
Morgan Stanley & Co. LLC	
UBS Securities LLC	
Wells Fargo Securities, LLC	
Goldman, Sachs & Co.	
J.P. Morgan Securities LLC	