

ATLAS PIPELINE PARTNERS LP  
Form 10-Q  
May 04, 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 March 31, 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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<b>DELAWARE</b> (State or other jurisdiction of incorporation or organization)	<b>23-3011077</b> (I.R.S. Employer Identification No.)
<b>1550 Coraopolis Heights Road</b> <b>Moon Township, Pennsylvania</b> (Address of principal executive office)	<b>15108</b> (Zip code)
<b>Registrant's telephone number, including area code: (412) 262-2830</b>	

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 <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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 May 2, 2011 was 53,498,910.

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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.
Fractionation	The process used to separate an NGL stream into its individual components.
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)

	March 31, 2011	December 31, 2010
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 167	\$ 164
Funds held in escrow	7,026	
Accounts receivable	102,457	99,759
Current portion of derivative asset	158	
Prepaid expenses and other	17,296	15,118
Total current assets	127,104	115,041
<b>Property, plant and equipment, net</b>	<b>1,348,671</b>	<b>1,341,002</b>
<b>Intangible assets, net</b>	<b>120,603</b>	<b>126,379</b>
<b>Investment in joint venture</b>		<b>153,358</b>
<b>Long-term note receivable</b>	<b>8,500</b>	
<b>Long-term funds held in escrow</b>	<b>286,670</b>	
<b>Other assets, net</b>	<b>27,704</b>	<b>29,068</b>
Total assets	\$ 1,919,252	\$ 1,764,848
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 213	\$ 210
Accounts payable - affiliates	2,001	12,280
Accounts payable	20,692	29,382
Accrued liabilities	21,605	30,013
Accrued interest payable	12,454	1,921
Current portion of derivative liability	16,851	4,564
Accrued producer liabilities	77,173	72,996
Distribution payable	240	240
Total current liabilities	151,229	151,606
<b>Long-term portion of derivative liability</b>	<b>7,217</b>	<b>5,608</b>
<b>Long-term debt, less current portion</b>	<b>495,857</b>	<b>565,764</b>
<b>Other long-term liability</b>	<b>159</b>	<b>223</b>
<b>Commitments and contingencies</b>		
<b>Equity:</b>		
General Partner's interest	24,495	20,066
Class C preferred limited partner's interest	8,000	8,000

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Common limited partners' interests	1,274,391	1,057,342
Accumulated other comprehensive loss	(9,522)	(11,224)
Total partners' capital	1,297,364	1,074,184
Non-controlling interest	(32,574)	(32,537)
Total equity	1,264,790	1,041,647
Total liabilities and equity	\$ 1,919,252	\$ 1,764,848

See accompanying notes to consolidated financial statements

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

(in thousands, except per unit data)

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Revenue:</b>		
Natural gas and liquids	\$ 266,309	\$ 223,338
Transportation, compression and other fees    third parties	9,288	9,919
Transportation, compression and other fees    affiliates	122	176
Other income (loss), net	(18,856)	6,720
 Total revenue and other income (loss), net	 256,863	 240,153
<b>Costs and expenses:</b>		
Natural gas and liquids	218,292	179,759
Plant operating	12,774	11,959
Transportation and compression	184	189
General and administrative	8,598	9,376
Compensation reimbursement    affiliates	419	375
Depreciation and amortization	18,905	18,457
Interest	12,445	26,403
 Total costs and expenses	 271,617	 246,518
 Equity income in joint venture	 462	 1,462
Gain on asset sales and other	255,947	
 Income (loss) from continuing operations	 241,655	 (4,903)
 Loss on sale of discontinued operations	 (81)	
Earnings of discontinued operations		6,781
 Income (loss) from discontinued operations	 (81)	 6,781
 <b>Net income</b>	 241,574	 1,878
Income attributable to non-controlling interests	(1,187)	(1,317)
Preferred unit dividends	(240)	
 Net income attributable to common limited partners and the General Partner	 \$ 240,147	 \$ 561

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

(in thousands, except per unit data)

	<b>Three Months Ended March 31,</b>	
	<b>2011</b>	<b>2010</b>
<b>Allocation of net income (loss) attributable to:</b>		
<b>Common limited partners interest:</b>		
Continuing operations	\$ 235,399	\$ (6,101)
Discontinued operations	(79)	6,651
	235,320	550
<b>General Partner s interest:</b>		
Continuing operations	4,829	(119)
Discontinued operations	(2)	130
	4,827	11
<b>Net income (loss) attributable to:</b>		
Continuing operations	240,228	(6,220)
Discontinued operations	(81)	6,781
	\$ 240,147	\$ 561
<b>Net income (loss) attributable to common limited partners per unit:</b>		
<b>Basic:</b>		
Continuing operations	\$ 4.37	\$ (0.12)
Discontinued operations		0.13
	\$ 4.37	\$ 0.01
<b>Diluted:</b>		
Continuing operations	\$ 4.37	\$ (0.12)
Discontinued operations		0.13
	\$ 4.37	\$ 0.01
<b>Weighted average common limited partner units outstanding:</b>		
Basic	53,375	52,849
Diluted	53,846	52,849

See accompanying notes to consolidated financial statements





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**ATLAS PIPELINE PARTNERS, L.P. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF EQUITY (Unaudited)**

**FOR THE THREE MONTHS ENDED MARCH 31, 2011**

**(in thousands, except unit data)**

	Number of Limited Partner Units	Class C Preferred
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