

NGL Energy Partners LP
Form 10-Q
November 14, 2012
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended September 30, 2012

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: 001-35172

NGL Energy Partners LP

(Exact Name of Registrant as Specified in Its Charter)

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Delaware
(State or Other Jurisdiction of Incorporation or
Organization)

27-3427920
(I.R.S. Employer Identification No.)

6120 South Yale Avenue
Suite 805
Tulsa, Oklahoma
(Address of Principal Executive Offices)

74136
(Zip code)

(918) 481-1119

(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 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 (Section 232.405 of this chapter) 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

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

As of November 13, 2012, there were 47,960,480 common units and 5,919,346 subordinated units issued and outstanding.

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Forward-Looking Statements

This quarterly report on Form 10-Q contains various forward-looking statements and information that are based on our beliefs and those of our general partner, as well as assumptions made by and information currently available to us. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. When used in this quarterly report, words such as anticipate, project, expect, plan, goal, forecast, estimate, intend, could, believe, may, will and similar expressions and statements regarding our p for future operations, are intended to identify forward-looking statements. Although we and our general partner believe that the expectations on which such forward-looking statements are based are reasonable, neither we nor our general partner can give assurances that such expectations will prove to be correct. Forward-looking statements are subject to a variety of risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those anticipated, estimated, projected or expected. Among the key risk factors that may have a direct bearing on our results of operations and financial condition are:

- the prices and market demand for petroleum products;

- energy prices generally;

- the price of propane compared to the price of alternative and competing fuels;

- the general level of petroleum product demand and the availability of propane supplies;

- the level of domestic oil, propane and natural gas production;

- the availability of imported oil and natural gas;

- the ability to obtain adequate supplies of propane for retail sale in the event of an interruption in supply or transportation and the availability of capacity to transport propane to market areas;

- actions taken by foreign oil and gas producing nations;

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- the political and economic stability of petroleum producing nations;
- the effect of weather conditions on demand for oil, natural gas and propane;
- the effect of natural disasters or other significant weather events;
- availability of local, intrastate and interstate transportation infrastructure;
- availability and marketing of competitive fuels;
- the impact of energy conservation efforts;
- energy efficiencies and technological trends;
- governmental regulation and taxation;
- the impact of legislative and regulatory actions on hydraulic fracturing;
- hazards or operating risks incidental to the transporting and distributing of petroleum products that may not be fully covered by insurance;
- the maturity of the propane industry and competition from other propane distributors;
- loss of key personnel;
- the ability to renew contracts with key customers;

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- the ability of our customers to perform on their contracts with us;
- the fees we charge and the margins we realize for our terminal services;

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- the ability to renew leases for general purpose and high pressure rail cars;
- the ability to renew leases for underground storage;
- the nonpayment or nonperformance by our customers;
- the availability and cost of capital and our ability to access certain capital sources;
- a deterioration of the credit and capital markets;
- the ability to successfully identify and consummate strategic acquisitions at purchase prices that are accretive to our financial results;
- the ability to successfully integrate acquired assets and businesses;
- changes in laws and regulations to which we are subject, including tax, environmental, transportation and employment regulations or new interpretations by regulatory agencies concerning such laws and regulations; and
- the costs and effects of legal and administrative proceedings.

You should not put undue reliance on any forward-looking statements. All forward-looking statements speak only as of the date of this quarterly report. Except as required by state and federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements as a result of new information, future events, or otherwise. When considering forward-looking statements, please review the risks described under Part II Item 1A Risk Factors of this quarterly report and Item 1A Risk Factors in our annual report on Form 10-K for the fiscal year ended March 31, 2012, as supplemented and updated by Part II, Item 1A, Risk Factors in our quarterly report on Form 10-Q for the quarter ended June 30, 2012.

Table of Contents**PART I****Item 1. Financial Statements (Unaudited)****NGL ENERGY PARTNERS LP****Unaudited Condensed Consolidated Balance Sheets****As of September 30, 2012 and March 31, 2012****(U.S. Dollars in Thousands, except unit amounts)**

	September 30, 2012	March 31, 2012 (Note 3)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 26,009	\$ 7,832
Accounts receivable - trade, net of allowance for doubtful accounts of \$1,356 and \$818, respectively	385,494	84,004
Receivables from affiliates	3,238	2,282
Inventories	264,556	94,504
Prepaid expenses and other current assets	57,000	10,002
Total current assets	736,297	198,624
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of \$25,326 and \$12,843, respectively	425,641	237,652
GOODWILL	515,881	170,647
INTANGIBLE ASSETS, net of accumulated amortization of \$17,646 and \$8,174, respectively	345,942	139,780
OTHER NONCURRENT ASSETS	5,658	2,766
Total assets	\$ 2,029,419	\$ 749,469
LIABILITIES AND PARTNERS EQUITY		
CURRENT LIABILITIES:		
Trade accounts payable	\$ 419,750	\$ 81,369
Accrued expenses and other payables	68,724	14,143
Advance payments received from customers	74,814	20,293
Payables to affiliates	11,780	9,462
Current maturities of long-term debt	78,033	19,484
Total current liabilities	653,101	144,751
LONG-TERM DEBT, net of current maturities	569,903	199,177
OTHER NONCURRENT LIABILITIES	2,599	212
COMMITMENTS AND CONTINGENCIES		
PARTNERS EQUITY, per accompanying statement:		

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General Partner	0.1% interest; 50,821 and 29,245 notional units outstanding, respectively	(51,052)	442
Limited Partners	99.9% interest		
Common units	44,850,439 and 23,296,253 units outstanding, respectively	839,977	384,604
Subordinated units	5,919,346 units outstanding at September 30, 2012 and March 31, 2012	11,784	19,824
Accumulated other comprehensive income			
Foreign currency translation		28	31
Noncontrolling interests		3,079	428
Total partners' equity		803,816	405,329
Total liabilities and partners' equity		\$ 2,029,419	\$ 749,469

The accompanying notes are an integral part of these condensed consolidated financial statements.