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Western Gas Partners LP  
Form 8-K  
March 03, 2015

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

FORM 8-K

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

Date of Report (Date of earliest event reported): March 2, 2015

WESTERN GAS PARTNERS, LP  
(Exact name of registrant as specified in its charter)

Delaware	001-34046	26-1075808
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)

1201 Lake Robbins Drive  
The Woodlands, Texas 77380-1046  
(Address of principal executive office) (Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement.

Purchase and Sale Agreement

On March 2, 2015, pursuant to the terms and conditions of a Purchase and Sale Agreement (the “PSA”) dated March 2, 2015, with Anadarko Petroleum Corporation (“Anadarko”) and WGR Asset Holding Company LLC, a wholly owned subsidiary of Anadarko (“WGRAH”), Delaware Basin Midstream, LLC (“DBM”) acquired certain midstream assets from WGRAH. DBM is a wholly owned subsidiary of Western Gas Partners, LP (the “Partnership”). Pursuant to the PSA, the Partnership acquired a 100% interest in Delaware Basin JV Gathering LLC (“DBJV”), which owns a 50% interest in a 403-mile gathering system and related facilities (the “DBJV Gathering System”), located in the Delaware Basin in Loving, Ward, Winkler and Reeves Counties, Texas (the “Acquisition”). The consideration (the “Consideration”) to be paid by the Partnership for the Acquisition will consist of a one-time cash payment on March 31, 2020, equal to eight (8) multiplied by (a) the average of a 50% share in the Net Earnings of the DBJV Gathering System for the calendar years 2018 and 2019, less (b) 50% of all capital expenditures incurred for the DBJV Gathering System between the Effective Date and February 29, 2020. For purpose of this calculation, “Net Earnings” is defined as all revenues less cost of product, operating expenses, and property taxes, in each case attributable to the DBJV Gathering System on an accrual basis. Management currently estimates that the Consideration payment in 2020 will be approximately \$283 million. The Consideration will be reflected as an obligation on the Partnership’s balance sheet until paid in 2020. Pursuant to the PSA, Anadarko has agreed to indemnify the Partnership and its general partner (the “General Partner”), subsidiaries, shareholders, unitholders, members, directors, officers, employees, agents and representatives (together with the Partnership, the “Partnership Indemnified Parties”) against certain losses resulting from any breach of Anadarko’s and WGRAH’s representations, warranties, covenants or agreements, and for certain other matters. The Partnership has agreed to indemnify Anadarko and WGRAH, their affiliates (other than Partnership Indemnified Parties) and their respective security holders, officers, directors and employees against certain losses resulting from any breach of DBM’s representations, warranties, covenants or agreements.

The above summary is qualified in its entirety by reference to the PSA, a copy of which is filed as an exhibit hereto as Exhibit 2.1.

Relationships

The terms of the Acquisition were approved by the Board of Directors (the “Board”) of the Partnership’s General Partner. The terms of the Acquisition were also approved by the Board’s special committee. The special committee, a committee comprised of three independent members of the Board, retained independent legal and financial advisors to assist it in evaluating and negotiating the Acquisition. In approving the Acquisition, the special committee based its decision in part on an opinion from the independent financial advisor that the consideration to be paid by the Partnership is fair, from a financial point of view, to the Partnership.

Anadarko indirectly owns: (i) the General Partner through Western Gas Equity Partners, LP (“WGP”), which holds (x) all of the outstanding general partner units of the Partnership, representing a 1.8% general partner interest in the Partnership, and (y) all of the incentive distribution rights in the Partnership, which entitle the General Partner to specified increasing percentages of cash distributions as the Partnership’s per-unit cash distributions increase, and (ii) through WGP and other Anadarko subsidiaries, 50,053,824 common units, representing an aggregate 35.4% limited partner interest in the Partnership, and 10,959,564 Class C units, representing an aggregate 7.8% limited partner interest in the Partnership, based on the number of common, general and Class C units outstanding as of March 2, 2015.

Item 2.03 Creation of a Direct Financial Obligation.

The information set forth under Item 1.01 above with respect to the PSA is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure.

On March 3, 2015, Western Gas Partners made an announcement regarding, among other things, the Acquisition. A copy of the press release announcing the transaction is attached hereto as Exhibit 99.1.

Item 8.01 Other Events.

On March 2, 2015, Kerr-McGee Gathering, LLC, a wholly owned subsidiary of the Partnership, and Kerr-McGee Oil & Gas Onshore LLC, a wholly owned subsidiary of Anadarko, entered into an amendment to their Wattenberg Gas Gathering Agreement to extend its term for one year through June 30, 2021, and to provide for a condensate handling fee through the remaining term of the agreement. The amendment also provides for a \$0.16 per Mcf increase in the gathering fee through the end of 2015.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

2.1# Purchase and Sale Agreement, dated March 2, 2015, between WGR Asset Holding Company, LLC and Delaware Basin Midstream, LLC.

99.1 Press Release dated March 3, 2015.

# Pursuant to Item 601(b)(2) of Regulation S-K, the registrant agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WESTERN GAS PARTNERS, LP

By: Western Gas Holdings, LLC, its general partner

Dated: March 3, 2015

By: /s/ Philip H. Peacock  
Philip H. Peacock  
Vice President, General Counsel  
and Corporate Secretary

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EXHIBIT INDEX

Exhibit Number	Exhibit Title
2.1#	Purchase and Sale Agreement, dated March 2, 2015, between WGR Asset Holding Company, LLC and Delaware Basin Midstream, LLC.
99.1	Press Release dated March 3, 2015.
#	Pursuant to Item 601(b)(2) of Regulation S-K, the registrant agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.