

Western Gas Partners to Acquire Gathering and Processing Assets

HOUSTON, Jan 18, 2011 (BUSINESS WIRE) -- Western Gas Partners, LP (NYSE: WES) today announced that it has agreed to acquire certain midstream assets located in the DJ Basin of northeastern Colorado from Encana Oil & Gas (USA) Inc. for total consideration of \$303.3 million.

"We are pleased to announce our first major third-party acquisition," said Western Gas Partners' President and CEO Don Sinclair. "This transaction with a quality producer will increase our position in what we believe is one of the most prolific and exciting basins in North America."

Under the terms of the acquisition agreement, Western Gas will purchase Encana's Ft. Lupton processing plant, which is adjacent to Western Gas's Ft. Lupton plant. The Encana plant, currently flowing at capacity, consists of two cryogenic processing trains with 84 million cubic feet per day (MMcf/d) of total capacity and is currently being expanded to 100 MMcf/d. The plant also has two fractionation trains with total capacity of 7,900 barrels per day. Western Gas will also purchase five gathering systems that consist of approximately 1,054 miles of pipeline, 18 compressors with a total of 14,306 horsepower, and other related assets. Two of these gathering systems are connected directly to Encana's Ft. Lupton plant, while the other three gathering systems deliver natural gas to Encana's Ft. Lupton plant via Western Gas's Wattenberg Gathering System.

As part of the acquisition, Western Gas will enter into long-term, fee-based agreements with Encana to gather and process existing gas production, as well as to expand the existing gathering systems and processing capacity to meet future needs in the basin.

The acquisition's \$303.3 million purchase price is approximately 9.3 times the forecast annual EBITDA, or earnings before interest, taxes and depreciation, expected to be generated by the assets over the next twelve months.

Management expects the acquisition to be immediately accretive to the partnership's distributable cash flow per unit, with the potential for additional growth in cash flow from the assets over time. After closing of the transaction, management expects that more than 95 percent of Western Gas's total gross margin will continue to be generated from fee-based or fixed-price agreements for the next twelve months.

Western Gas intends to finance the acquisition with available capacity under its \$450 million revolving credit facility and expects the transaction to close in the first quarter of 2011, subject to regulatory approval and customary closing conditions.

Western Gas Partners, LP is a growth-oriented Delaware limited partnership formed by Anadarko Petroleum Corporation to own, operate, acquire and develop midstream energy assets. With midstream assets in East and West Texas, the Rocky Mountains and the Mid-Continent, the Partnership is engaged in the business of gathering, compressing, processing, treating and transporting natural gas for Anadarko and other producers and customers. For more information about Western Gas Partners, please visit www.westerngas.com.

This news release contains forward-looking statements. Western Gas Partners believes that its expectations are based on reasonable assumptions. No assurance, however, can be given that such expectations will prove to have been correct. A number of factors could cause actual results to differ materially from the projections, anticipated results or other expectations expressed in this news release. These factors include the ability to consummate the transactions contemplated by this press release; the ability to meet financial guidance or distribution growth expectations; the ability to obtain new sources of natural gas supplies; the effect of fluctuations in commodity prices and the demand for natural gas and related products; and construction costs or capital expenditures exceeding estimated or budgeted costs or expenditures, as well as other factors described in the "Risk Factors" section of the Partnership's 2009 Annual Report on Form 10-K filed with the Securities and Exchange Commission and other public filings and press releases by Western Gas Partners. Western Gas Partners undertakes no obligation to publicly update or revise any forward-looking statements.

SOURCE: Western Gas Partners, LP

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