

Western Gas Partners to Acquire Midstream Assets From Anadarko

HOUSTON, Aug 02, 2010 (BUSINESS WIRE) -- Western Gas Partners, LP (NYSE:WES) today announced that it has agreed to acquire the Wattenberg gathering system and related assets located in the DJ Basin of northeastern Colorado from Anadarko Petroleum Corporation (NYSE:APC) for total consideration of \$498 million.

"We are very excited to move into another liquids-rich basin with the acquisition of the Wattenberg assets, where producers are experiencing strong economic returns," said Western Gas Partners' President and Chief Executive Officer Don Sinclair. "We expect the transaction to be immediately accretive to distributable cash flow. Furthermore, the ongoing developments from horizontal drilling in the basin, as well as the emerging horizontal Niobrara play provide substantial organic growth potential for these assets."

Under the terms of the acquisition agreement, Western Gas will purchase Anadarko's 100-percent ownership interest in Kerr-McGee Gathering LLC, which owns the 1,734-mile Wattenberg gathering system and related facilities, including the Fort Lupton processing plant with capacity of 105 million cubic feet per day (MMcf/d). The average throughput on the gathering system for the second quarter of 2010 was approximately 275 MMcf/d, with Anadarko's equity throughput representing approximately 60 percent of this amount.

Contracts covering Anadarko-affiliated throughput were recently converted to a 10-year, fee-based agreement. Given the change to the affiliate contracts, historic financial results are not reflective of future performance. The acquisition price represents an approximate 8.2x multiple of the assets' forecasted earnings before interest, taxes, depreciation and amortization for the next 12 months.

To manage the remaining commodity-price risk associated with these assets, the Partnership and Anadarko will enter into five-year, fixed-price commodity swap agreements.

"Consistent with the swap arrangements put in place with previous transactions, these agreements will cover all non-fee-based system volumes and keep our distributable cash flow largely insulated from changes in commodity prices," said Sinclair.

Western Gas expects the acquisition to be financed through (i) a bank-syndicated \$250 million unsecured term loan scheduled to close concurrent with the transaction, (ii) a \$200million draw on the Partnership's revolving credit facility, (iii) \$23.1 million of cash on hand, and (iv) the issuance of 1,048,196 common units to Anadarko and 21,392 general partner units to Western Gas Holdings, LLC, the Partnership's general partner, at an implied price of approximately \$23.28 per unit.

In addition, Western Gas also expects to exercise the accordion feature on its revolving credit facility to increase total commitments from \$350 million to \$450 million, leaving \$140 million in available borrowing capacity under the facility after the Wattenberg acquisition.

Western Gas expects the transaction to close in early August 2010, with an effective date of July 1, 2010. Terms of the transaction were approved by the Board of Directors of the Partnership's general partner and by the Board's special committee, which is comprised entirely of independent directors. The special committee engaged Tudor, Pickering, Holt & Co. Securities, Inc. to act as its financial advisor and Bracewell & Giuliani LLP to act as its legal advisor.

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 <http://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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