

NYSE WES



# Investor Book

March 2012

[www.westerngas.com](http://www.westerngas.com)

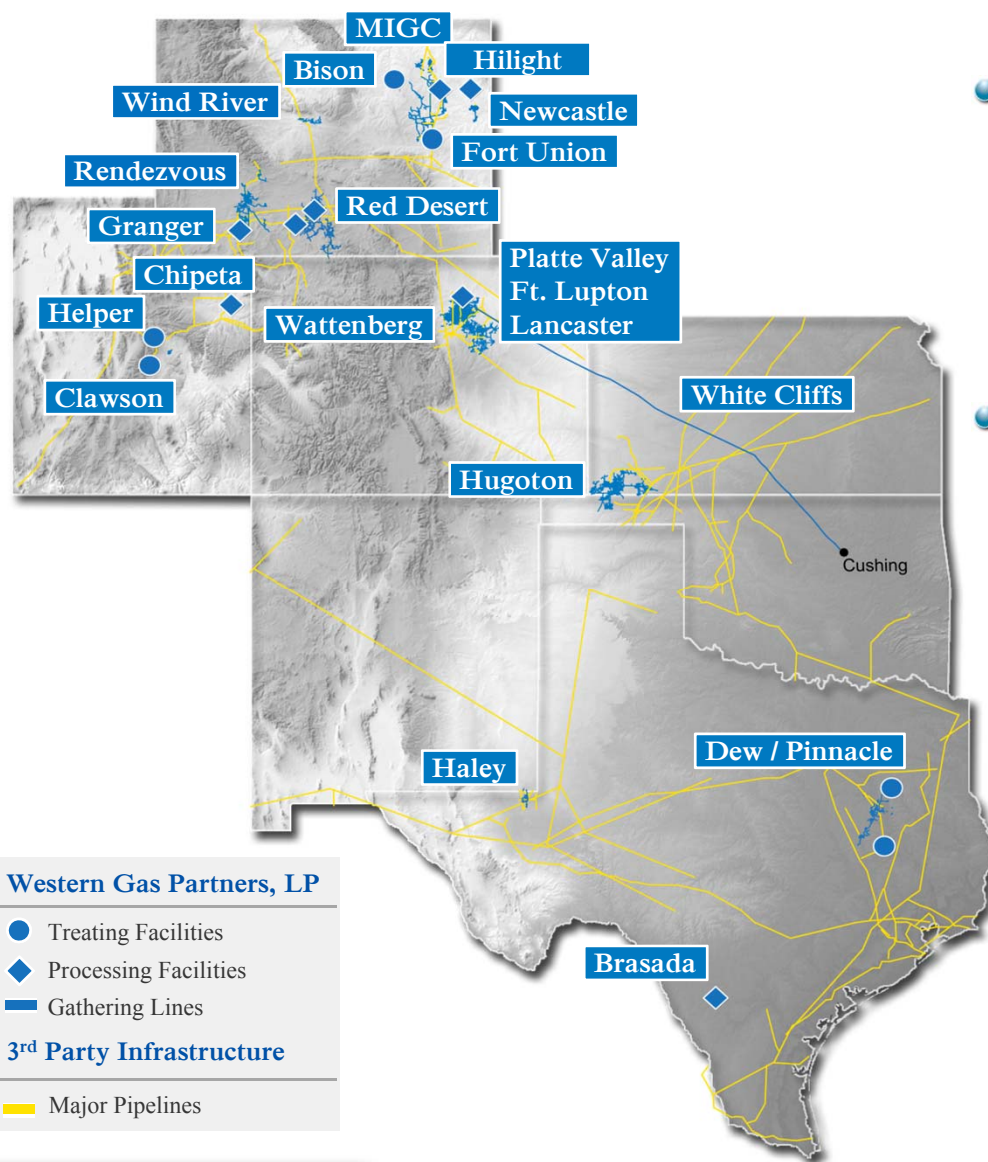


**Western Gas**  
Partners, LP

## Cautionary Language Re: Forward-Looking Statements

This presentation contains forward-looking statements. Western Gas Partners, LP 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 presentation. These factors include 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; the ability to meet projected in-service dates for capital growth projects; 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 most recent 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. Please also see our earnings release, posted on our website at [www.westerngas.com](http://www.westerngas.com), and the information provided at the end of this presentation for reconciliations of the differences between any non-GAAP financial measures used in this presentation and the most directly comparable GAAP financial measures.

# The WES Asset Portfolio



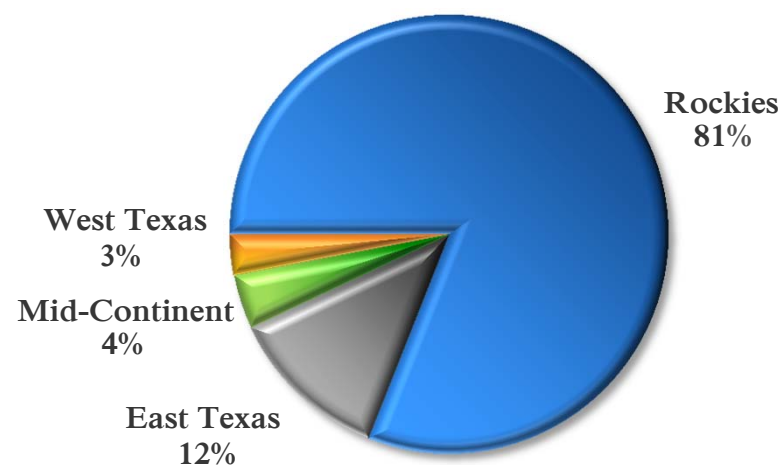
## Current Assets / Investments

- 15 natural gas gathering systems
- 8 natural gas treating facilities
- 9 processing facilities
- 1 natural gas pipeline
- 2 NGL pipelines
- 1 crude oil pipeline

## 2011 Throughput Attributable to WES

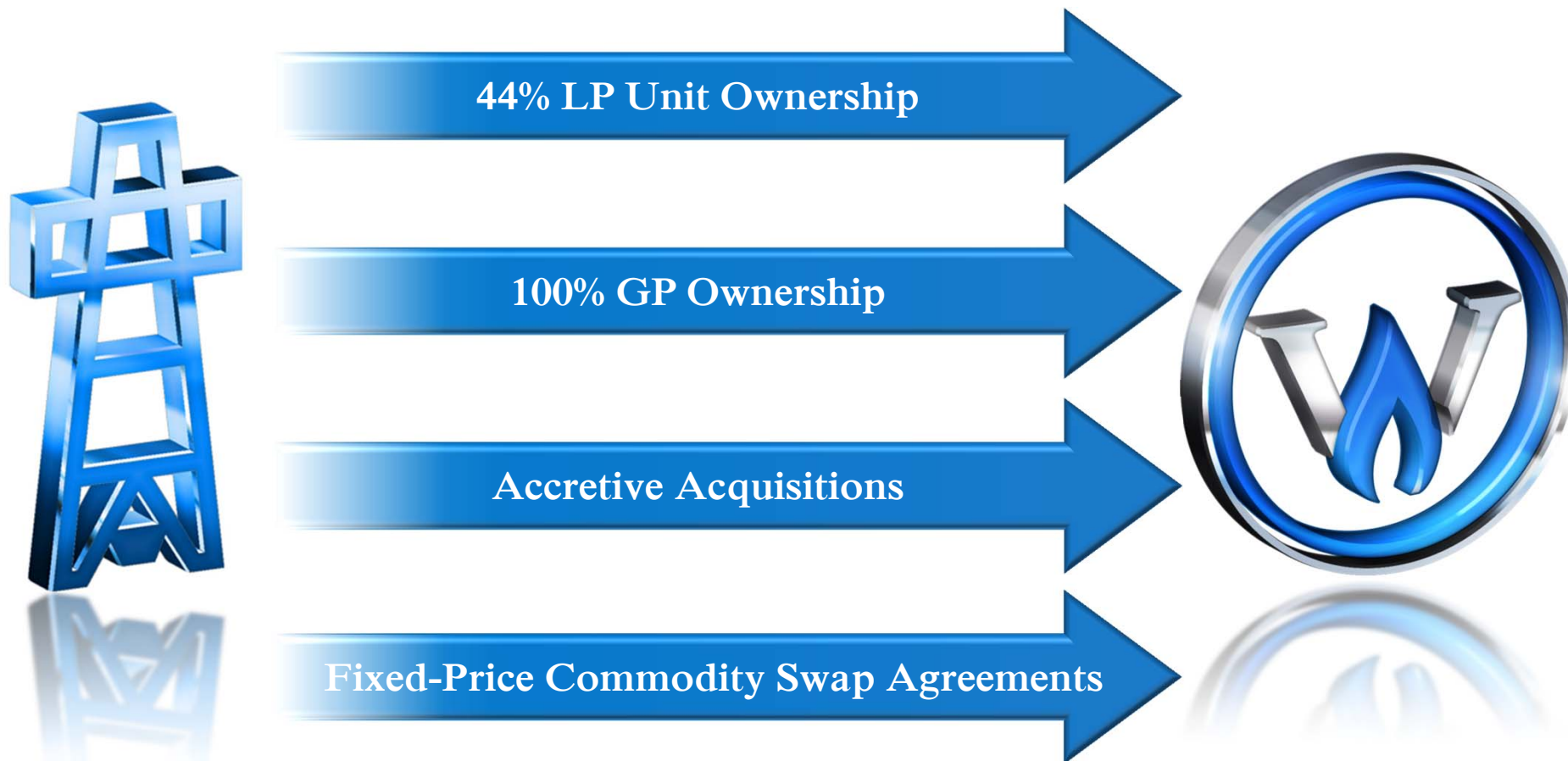
- Average daily throughput of 2.46 Bcf/d

## 4Q11 Throughput by Region

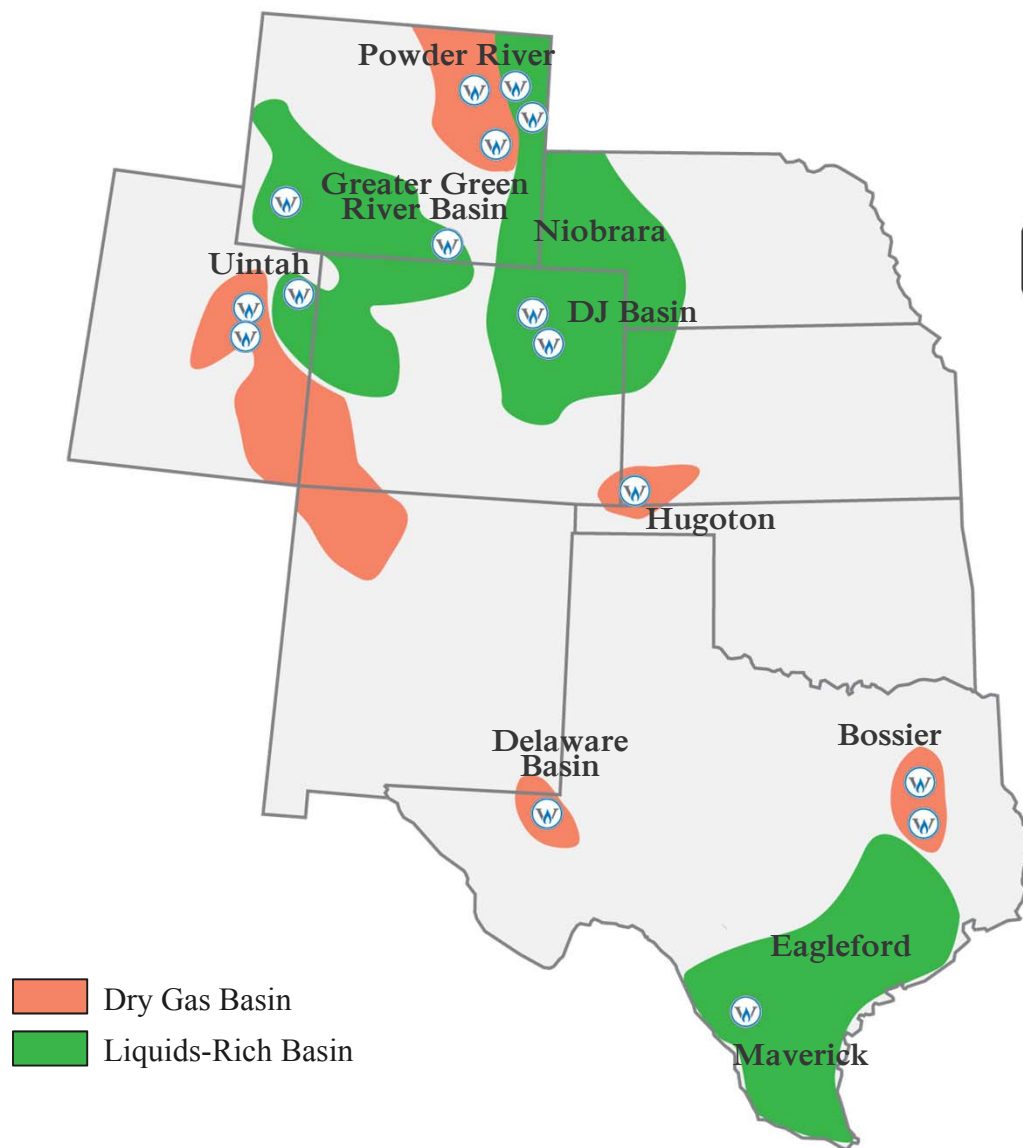




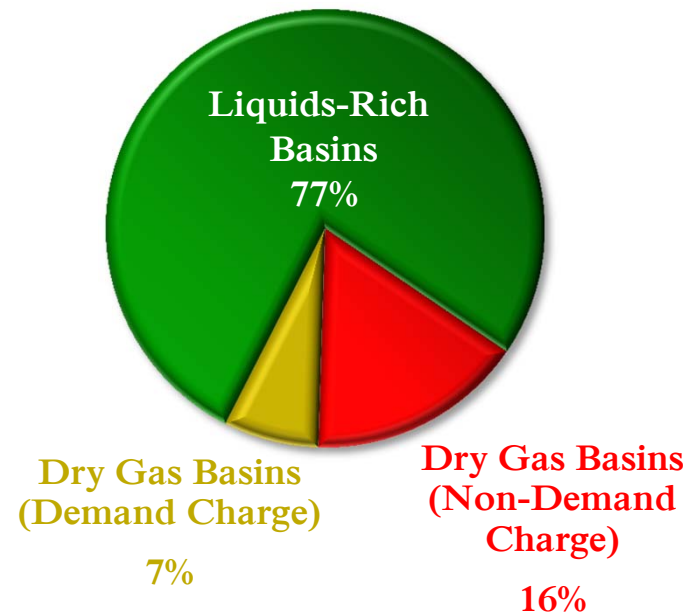
# APC – WES Relationship



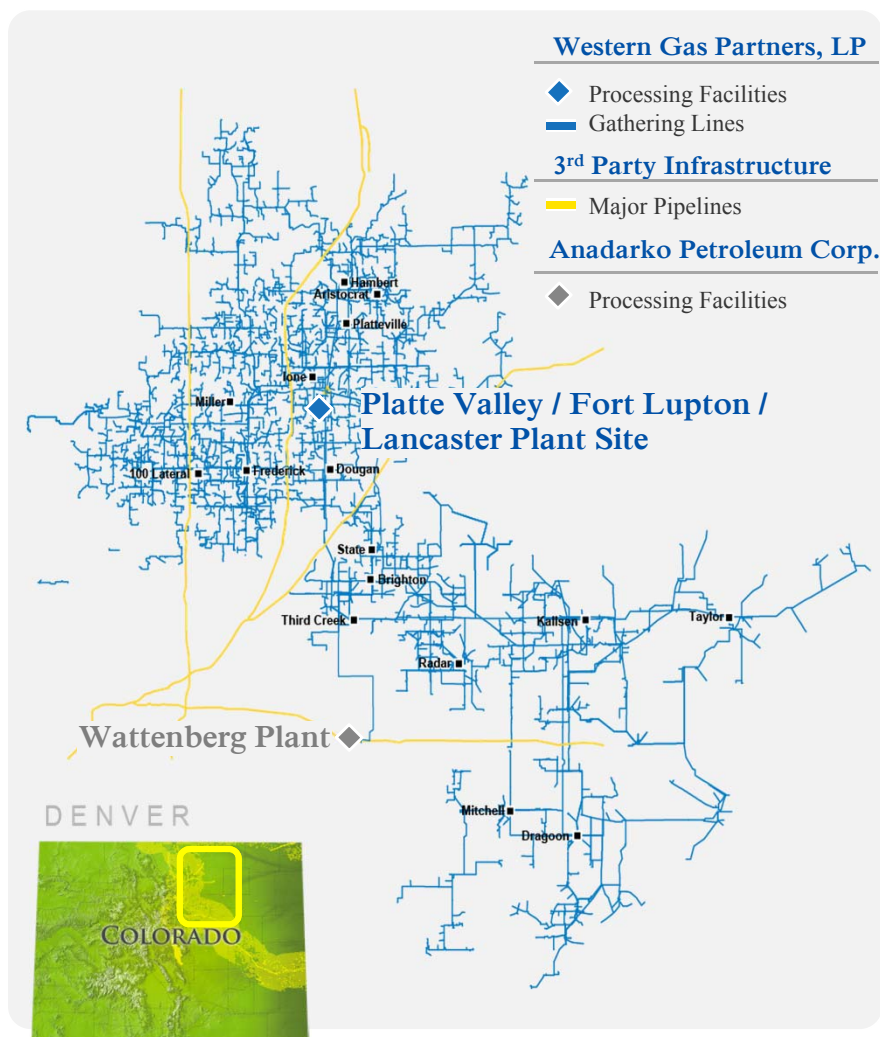
# Liquids Rich vs. Dry Gas Basins



## 2012E Gross Margin



# Wattenberg/Platte Valley/White Cliffs – DJ Basin



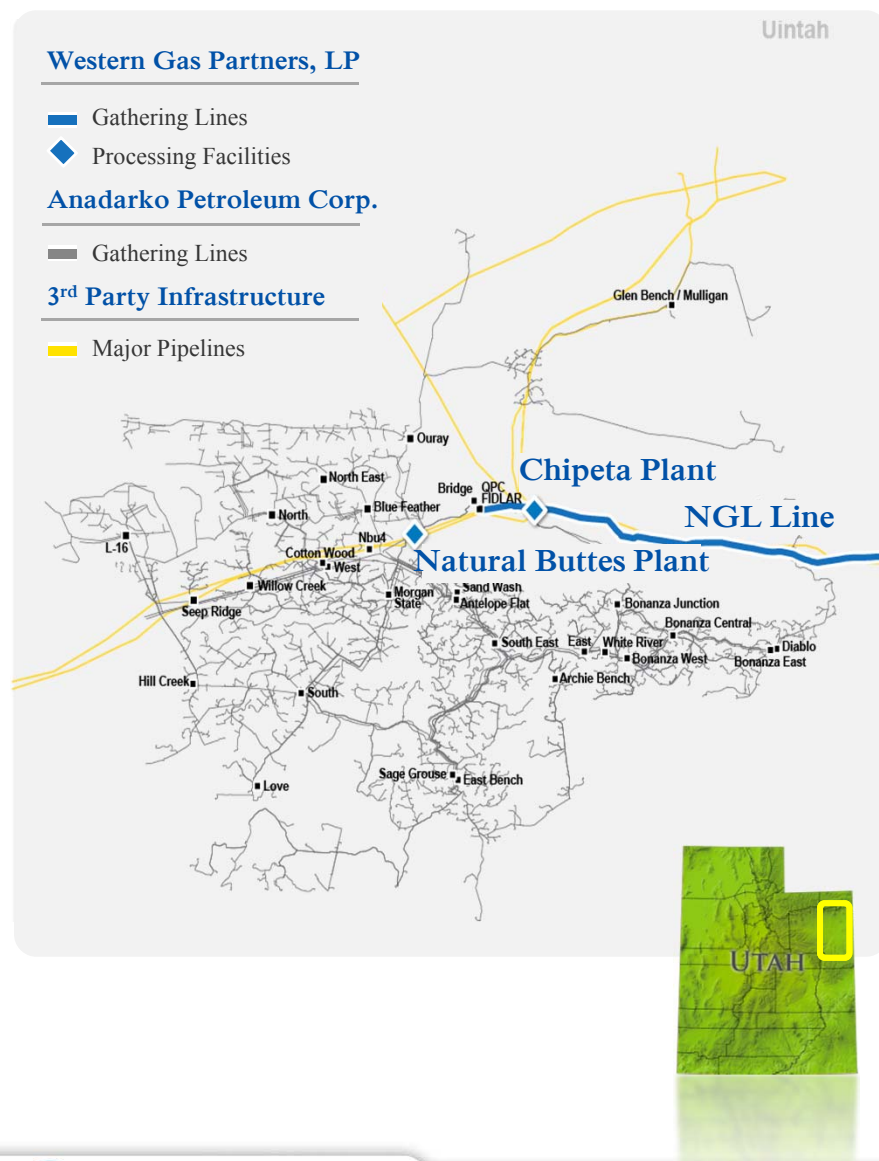
## Description and Overview

- 2,880 mile gathering systems
- 100 MMcf/d Platte Valley cryogenic plant
- 105 MMcf/d Ft Lupton refrigeration plant
- 300 MMcf/d Lancaster cryogenic plant (estimated start-up 1Q2014)
- 526 mile oil pipeline (10% interest)
- 2,842 receipt points
- Largest customers: Anadarko, Encana, Noble

## Inventory and Activity

- Extensive APC high-quality inventory
  - 500 MM to 1.5 BBOE Net Resources
  - 1,200 - 2,700 Horizontal Drill Sites
- 2012 APC activity
  - Drill 170 Horizontal Wells

# Chipeta/NGL Pipeline – Uintah Basin



## Description and Overview

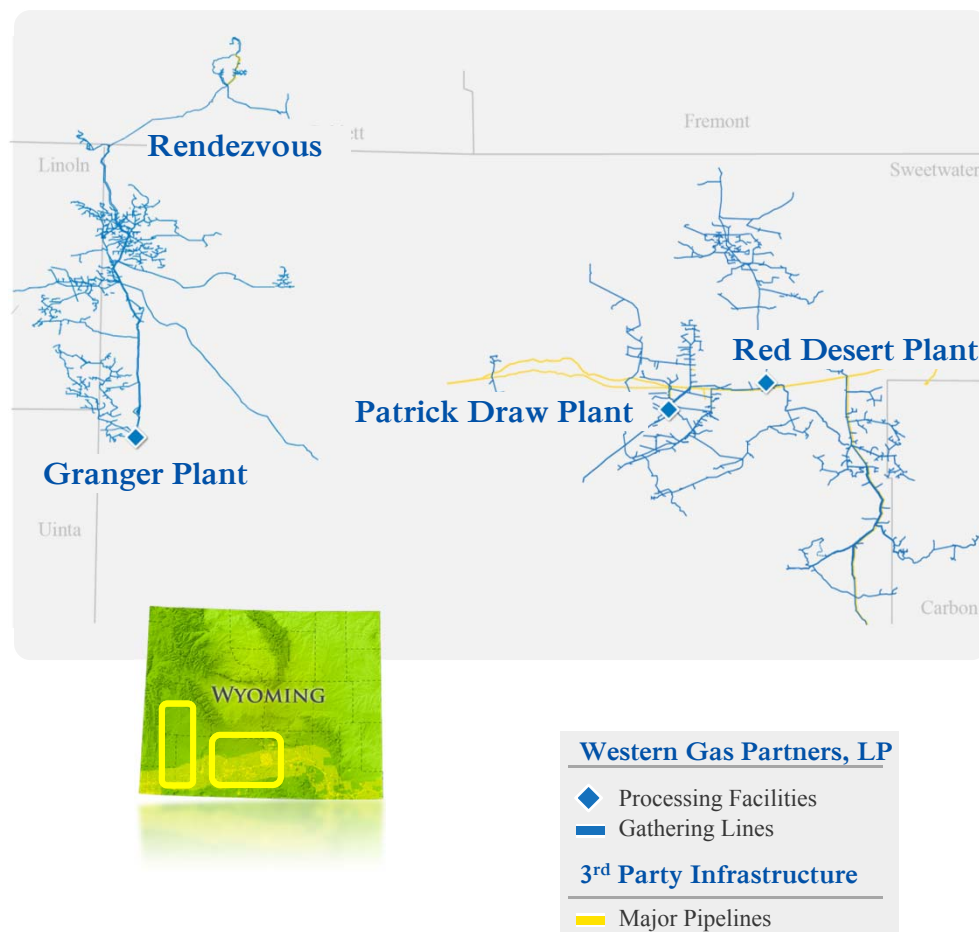
- 51% Ownership of Chipeta Processing, LLC
  - 24% owned by APC, 25% owned by Ute Energy
  - 240 MMcf/d refrigeration train I
  - 250 MMcf/d cryogenic train II
  - 300 MMcf/d cryogenic train III (expected start-up 3Q2012)
  - 180 MMcf/d Natural Buttes Refrigeration plant
- 17 Mile NGL pipeline
  - Connects to MAPL and ultimately to Mont Belvieu

## Inventory and Activity

- Lower risk with deep zone potential
  - 8,000+ Drill Sites
- 2012 APC activity
  - 8 Drilling Rigs
  - Drill ~400 Wells
- Type curve improved to 330 MBOE EUR
  - 50% increase over 2008 type well



# Granger/Mountain Gas Resources – Greater Green River Basin



## Description and Overview

- 2,710 mile gathering systems
- Three cryogenic plants (373 MMcf/d capacity)
- Two refrigeration trains (300 MMcf/d capacity)
- Three fractionation trains (23,500 Bbl/d)
- 1,256 receipt points
- Delivers gas to five major pipelines
  - Access to two additional gas pipelines via Rendezvous
- Connects to MAPL for delivery to Mont Belvieu

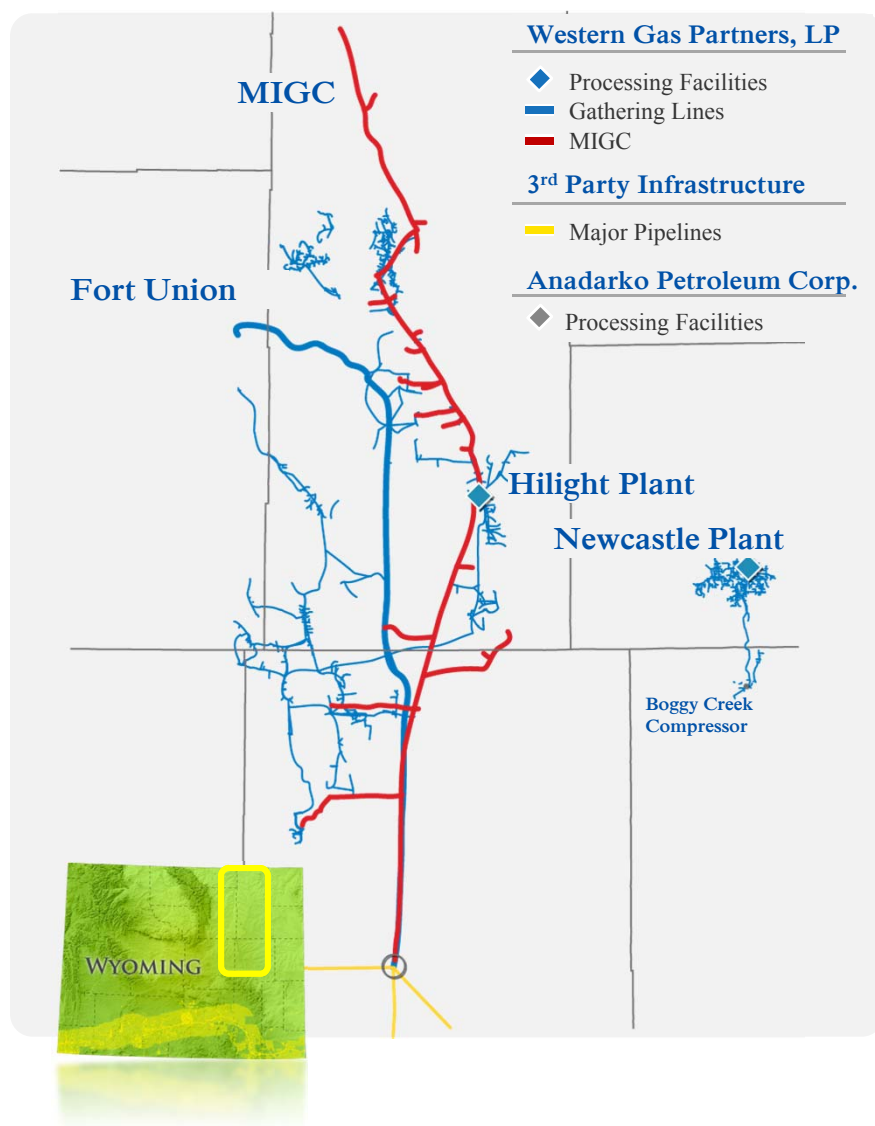
## Inventory and Activity

- Lower-risk drilling
  - 8,000 Drill Sites at Pinedale/Jonah and 2,100 at Moxa
- Pinedale – A world class asset
  - 38.2 Tcf Recoverable\*
- 2011 Ultra activity
  - 139 Pinedale and Jonah Wells\*

\*Source: Ultra Petroleum Corp., March 5, 2012



# Hilight and Newcastle – Powder River Basin (East)



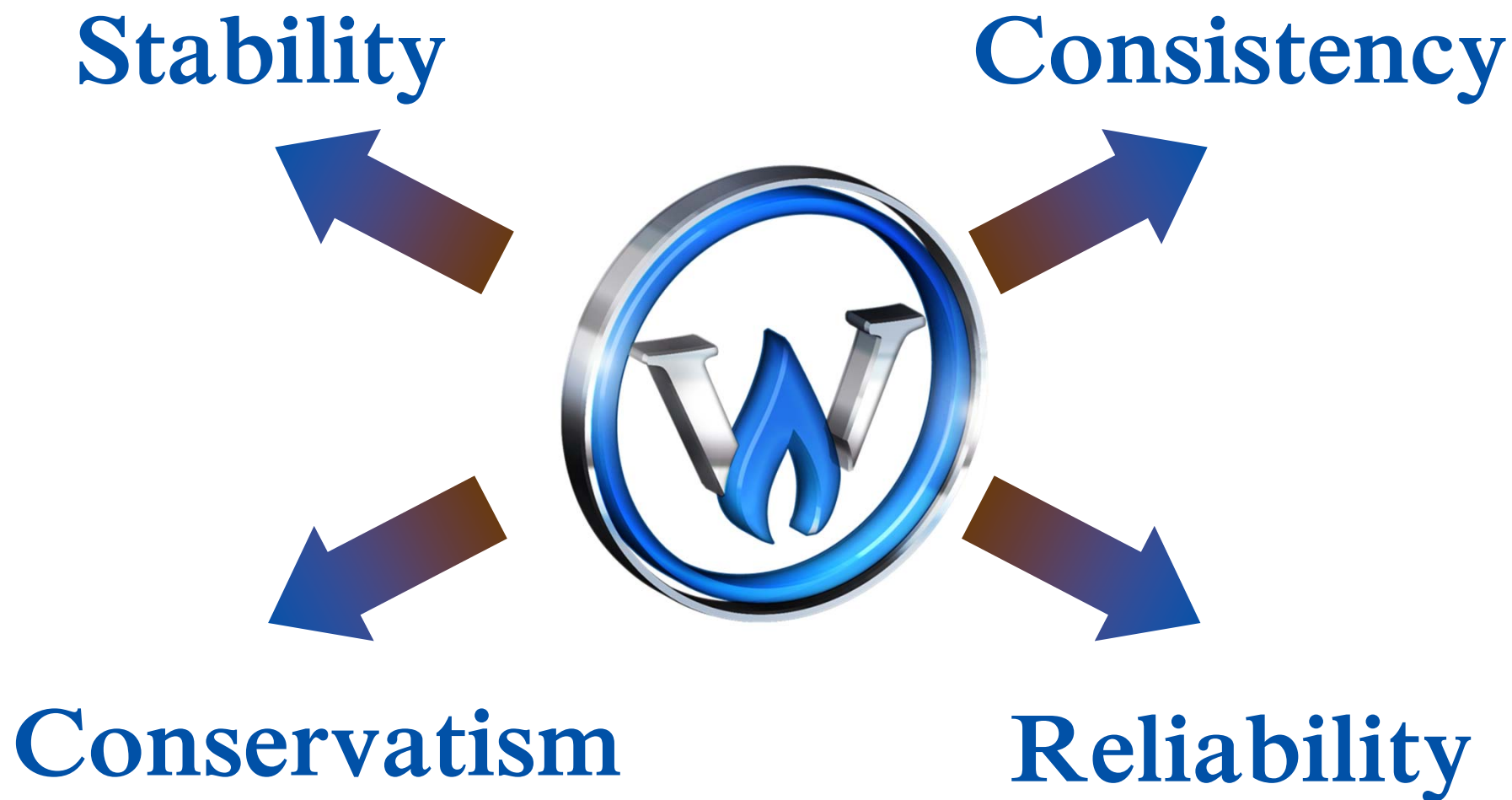
## Description and Overview

- 1,235 mile gathering system
- 60 MMcf/d Hilight refrigeration Plant
- 3 MMcf/d Newcastle refrigeration Plant
- Hilight delivers gas to MIGC (owned by WES), Newcastle to MGTC (owned by APC)
- Liquids sold locally
- Largest customers – Resolute, EOG, Devon

## Inventory and Activity

- Conventional oil-driven plays
- Diverse customer base
- EOG and Resolute Resources operators; APC non-op interests
- Increasing volumes under favorable POP contracts

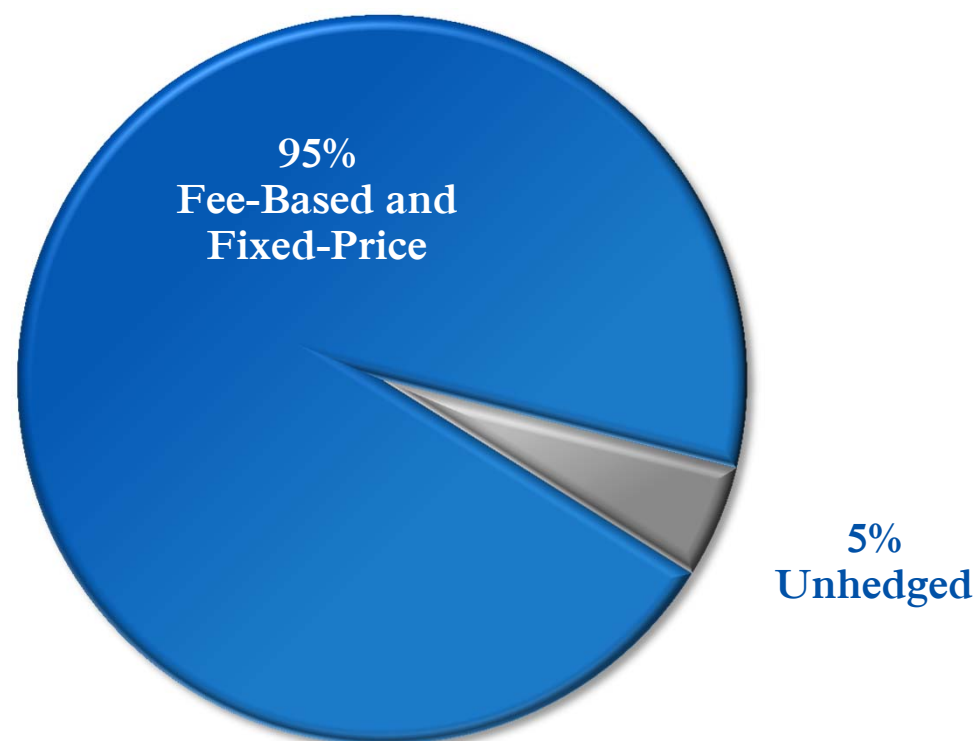
# WES Core Principles



## Stability – Minimal Commodity Exposure

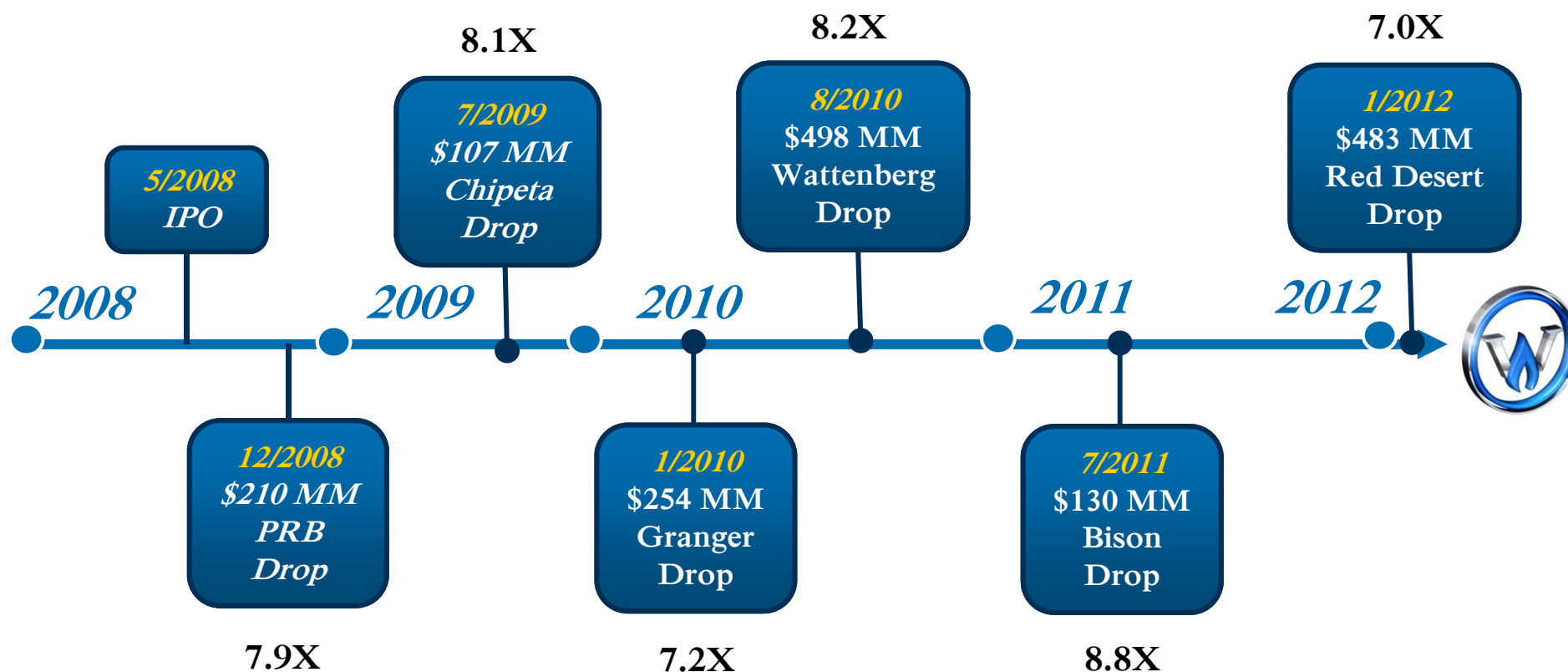
- Long-term fee-based contracts and fixed-price agreements
- Sponsor has retained commodity price risk related to dropdown assets

Gross Margin  
*Last Twelve Months ending 12/31/2011*





## Consistency – Track Record of Accretive Acquisitions



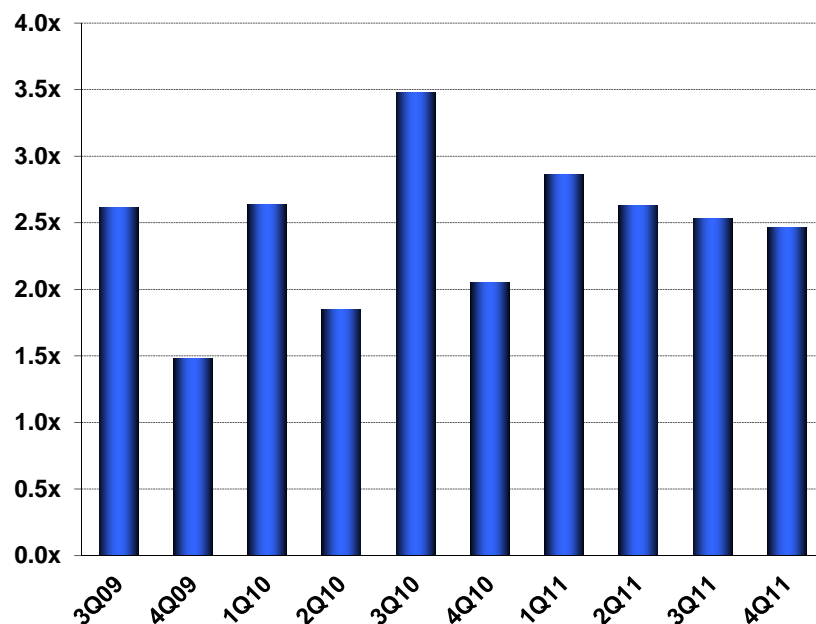
Note: Multiples are calculated as the transaction purchase price divided by the NTM EBITDA of the assets acquired.

# Conservatism – Commitment to Investment Grade Metrics

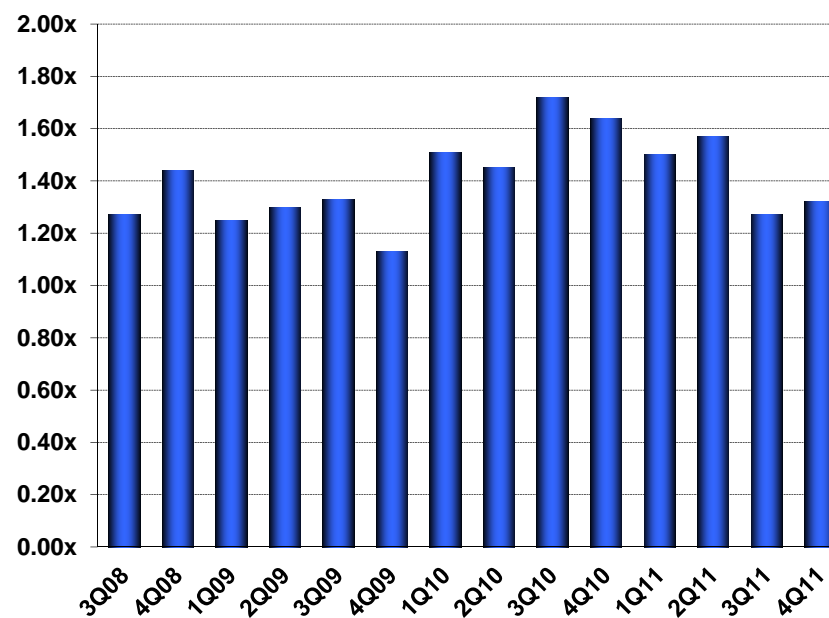
## Committed credit facility of \$800MM through March 2016

- Expandable to \$1.0 Billion

### Debt / EBITDA<sup>1</sup>



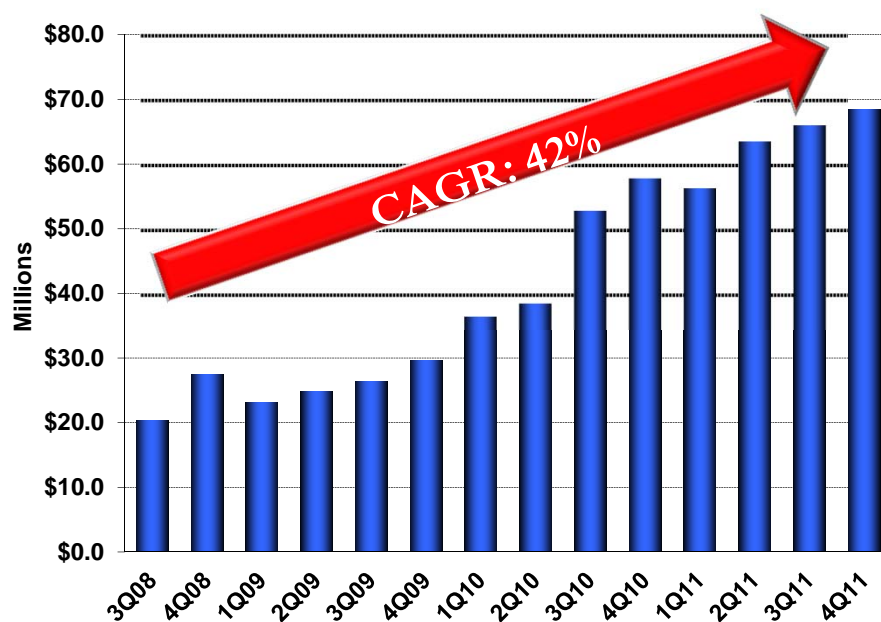
### Coverage Ratio



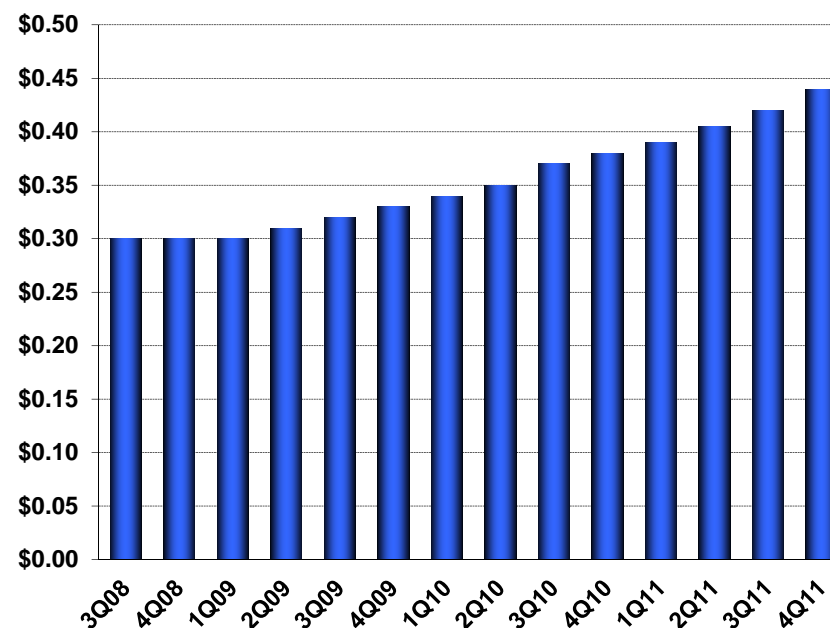
1. Quarter-end Debt Divided by (Reported EBITDA \* 4)

# Reliability – Predictable, Transparent Results

## Reported EBITDA



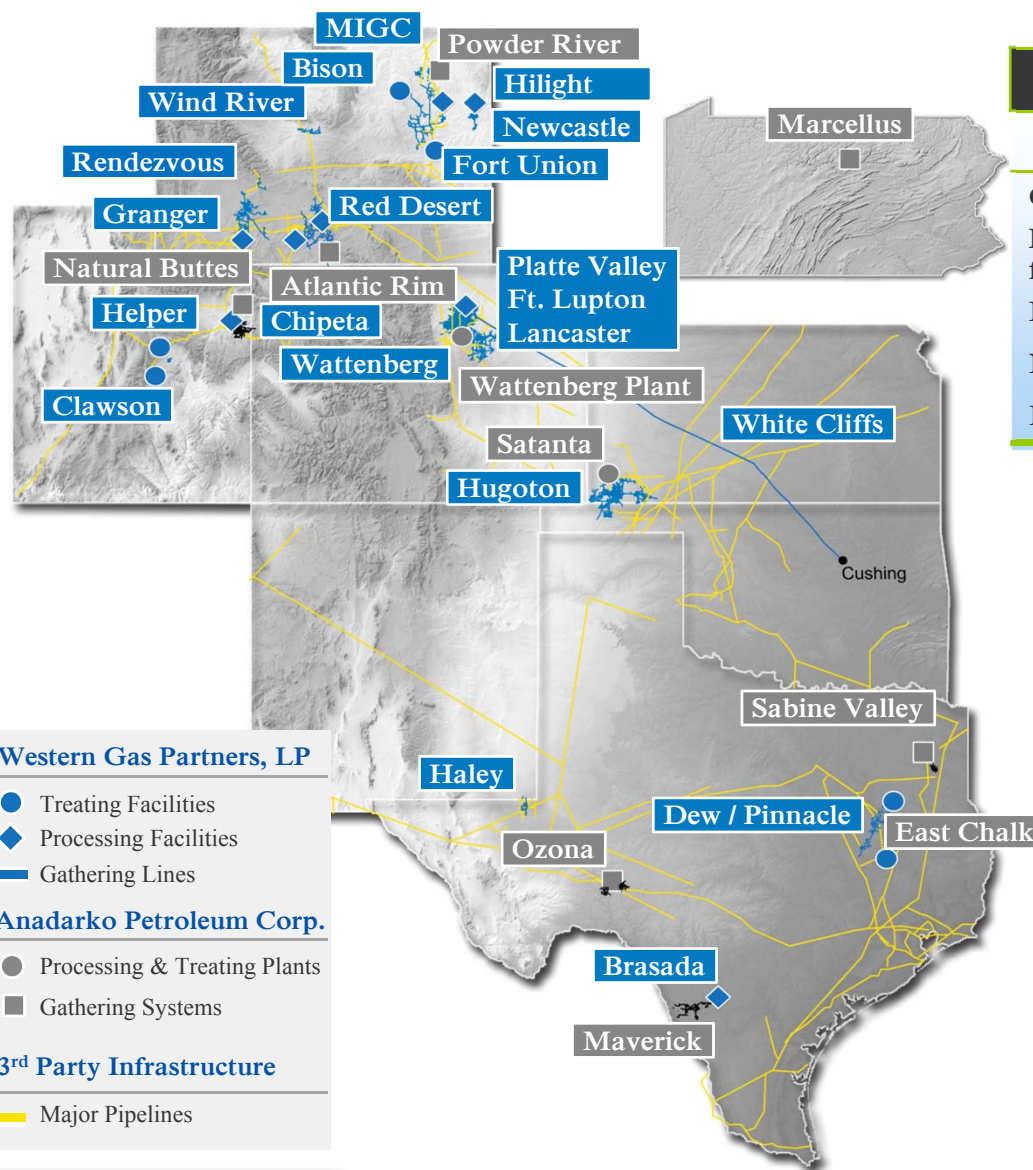
## Quarterly Distribution



Note: All figures shown as originally reported



# Growth Strategy #1 – Continued Dropdowns



## Current Midstream Asset Overview

	Anadarko	Western Gas
Gathering systems	16	15
Processing & treating facilities	8	17
Interstate gas pipelines	—	1
NGL/Crude oil pipelines	2	3
Miles of pipeline	3,800	10,600

- Combined aggregate throughput of approximately 4.4 Bcf/d for FY2011
- Sponsor also continues to invest in Midstream: over \$1B<sup>1</sup> invested in 2011
- Combined portfolio serves several major producing basins

1. Including midstream acquisitions

# Growth Strategy #2 – Strategic Expansions

## ● Chipeta Train III

- Underwritten by Anadarko volume commitment
- Base Case IRR of 18-25%

## ● Lancaster Plant (1Q2014 expected start-up)

- 10-year, 100% fixed-fee agreement
- Throughput commitment from Anadarko
- Base Case EBITDA multiple of ~6.5x

## ● Brasada Plant (2Q2013 expected start-up)

- 10-year, 100% fixed-fee agreement
- Throughput commitment from Anadarko
- Base Case EBITDA multiple of ~6.5x

# Growth Strategy #3 – Equity Options

- APC negotiates equity interest options in projects in exchange for their long-term volume commitments

APC Negotiated Equity Interest		
Project	APC Interest	Date Acquired
Satanta Plant	49%	January 2011
Texas Express Pipeline	20%	September 2011
Bone Spring Plant	33 1/3%	December 2011

- WES acquired a 10% interest in White Cliffs Pipeline, LLC in September 2010
  - Potential for replication in other areas



# 2012 Outlook

<i>(\$ in millions)</i>	Full-Year 2012
Adjusted EBITDA	\$335 - 365
Total Capex	\$410 - 460
Maint. Capex as % of Adj. EBITDA	8 - 11%
Distribution Growth	16 - 20%

NYSE WES



[www.westerngas.com](http://www.westerngas.com)



[www.westerngas.com](http://www.westerngas.com)

**Western Gas**  
Partners, LP

# Non-GAAP Adjusted EBITDA Reconciliation

(in thousands)														
<b>Reconciliation of Net Income to Adjusted EBITDA <sup>(1)</sup></b>														
	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Net income	\$17,396	\$20,113	\$16,958	\$18,124	\$17,048	\$19,278	\$22,914	\$23,411	\$31,481	\$35,143	\$34,984	\$33,939	\$ 36,809	\$ 34,427
Add:														
Distributions from equity investees	-	1,455	1,111	1,459	1,555	1,363	1,111	1,038	1,381	2,316	2,434	3,013	2,426	2,739
Non-cash equity-based compensation expense	-	-	846	942	948	844	567	680	570	2,970	1,928	1,918	2,389	7,519
Expenses in excess of omnibus cap	-	-	-	-	-	842	-	-	-	133	-	-	-	-
Interest expense	37	253	1,785	1,786	3,127	3,257	3,528	3,598	5,648	6,019	6,111	6,697	8,931	8,607
Income tax expense <sup>(2)</sup>	68	2,654	-	55	171	164	957	17	1,505	92	32	94	92	446
Depreciation, amortization & impairments <sup>(2)</sup>	7,145	8,395	8,621	8,752	9,586	9,757	12,983	12,849	18,419	17,626	18,853	21,007	21,928	22,321
Other expense, net <sup>(2)</sup>	-	-	-	-	-	-	-	2,395	-	-	-	3,682	-	-
Less:														
Equity income, net	-	896	1,550	1,985	1,794	1,653	1,340	1,258	1,911	2,042	2,044	2,646	2,299	3,102
Interest income - affiliate	4,253	4,512	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225	4,225
Other income, net <sup>(2)</sup>	93	21	5	9	12	11	19	-	62	187	1,759	-	6	288
Income tax benefit	-	-	490	-	-	-	-	-	-	-	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$20,300</b>	<b>\$27,441</b>	<b>\$23,051</b>	<b>\$24,899</b>	<b>\$26,404</b>	<b>\$29,616</b>	<b>\$36,476</b>	<b>\$38,505</b>	<b>\$52,806</b>	<b>\$57,845</b>	<b>\$56,314</b>	<b>\$63,479</b>	<b>\$ 66,045</b>	<b>\$ 68,444</b>

1. As reported
2. Includes the Partnership's 51% share of income tax expense; depreciation, amortization and impairment; and other income, net, attributable to Chipeta Processing LLC



# Non-GAAP DCF Reconciliation

(in thousands)														
<b>Reconciliation of Net Income to Distributable Cash Flow <sup>(1)</sup></b>														
	3Q08	4Q08	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Net income	\$17,396	\$20,113	\$16,958	\$18,124	\$17,048	\$19,278	\$22,914	\$23,411	\$31,481	\$35,143	\$34,984	\$33,939	\$ 36,809	\$ 34,427
Add:														
Distributions from equity investees	-	1,455	1,111	1,459	1,555	1,363	1,111	1,038	1,381	2,316	2,434	3,013	2,426	2,739
Non-cash equity-based compensation expense	-	-	846	942	948	844	567	680	570	2,970	1,928	1,918	2,389	7,519
Expenses in excess of omnibus cap	-	-	-	-	-	842	-	-	-	133	-	-	-	-
Income tax expense <sup>(2)</sup>	68	2,654	-	55	171	164	957	17	1,505	92	32	94	92	446
Depreciation, amortization & impairments <sup>(2)</sup>	7,145	8,395	8,621	8,752	9,586	9,757	12,983	12,849	18,419	17,626	18,853	21,007	21,928	22,321
Other expense, net <sup>(2)</sup>	-	-	-	-	-	-	-	2,395	-	-	-	3,682	-	-
Less:														
Equity Income, net	-	896	1,550	1,985	1,794	1,653	1,340	1,258	1,911	2,042	2,044	2,646	2,299	3,102
Cash paid for maintenance capital expenditures <sup>(2)</sup>	3,802	6,908	4,226	4,500	3,288	4,018	3,891	3,742	5,983	5,563	4,702	4,375	9,690	6,885
Capitalized interest	-	-	-	-	-	-	-	-	-	-	-	13	121	286
Cash paid for income taxes	-	-	-	-	-	-	-	-	-	507	-	-	190	-
Interest income, net (non-cash settled)	-	324	-	-	-	-	-	-	-	-	-	-	-	-
Other income, net <sup>(2)</sup>	93	21	5	9	12	11	19	-	62	187	1,759	-	6	288
Income tax benefit	-	-	490	-	-	-	-	-	-	-	-	-	-	-
<b>Distributable Cash Flow</b>	<b>\$20,714</b>	<b>\$24,468</b>	<b>\$21,265</b>	<b>\$22,838</b>	<b>\$24,214</b>	<b>\$26,566</b>	<b>\$33,282</b>	<b>\$35,390</b>	<b>\$45,400</b>	<b>\$49,981</b>	<b>\$49,726</b>	<b>\$56,619</b>	<b>\$ 51,338</b>	<b>\$ 56,891</b>
Distribution declared, three Months ended														
Limited Partner	15,922	16,689	16,689	17,364	17,924	20,966	21,601	23,838	25,589	29,478	31,756	34,178	37,859	39,941
General Partner	325	341	341	354	366	428	441	540	792	1,086	1,412	1,885	2,464	3,086
<b>Total</b>	<b>16,247</b>	<b>17,030</b>	<b>17,030</b>	<b>17,718</b>	<b>18,290</b>	<b>21,394</b>	<b>22,042</b>	<b>24,378</b>	<b>26,381</b>	<b>30,564</b>	<b>33,168</b>	<b>36,063</b>	<b>40,323</b>	<b>43,027</b>
<b>Distribution Coverage Ratio<sup>(3)</sup></b>	<b>1.27x</b>	<b>1.44x</b>	<b>1.25x</b>	<b>1.30x</b>	<b>1.32x</b>	<b>1.13x<sup>(4)</sup></b>	<b>1.51x</b>	<b>1.45x</b>	<b>1.72x</b>	<b>1.64x</b>	<b>1.50x</b>	<b>1.57x</b>	<b>1.27x</b>	<b>1.32x</b>

1. As reported
2. Includes the Partnership's 51% share of income tax expense; depreciation, amortization and impairment; and other income, net, attributable to Chipeta Processing LLC
3. 3Q08-3Q09 distributions used in the coverage ratio calculation are based on the weighted average units outstanding during the period
4. Excludes \$2.5MM prior-period benefit

NYSE WES



[www.westerngas.com](http://www.westerngas.com)



**Western Gas**  
Partners, LP