

NGL Energy Partners LP
Form S-1/A
March 22, 2011

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As filed with the Securities and Exchange Commission on March 22, 2011

Registration No. 333-172186

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Amendment No. 1
to
FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933**

NGL Energy Partners LP

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

5900
(Primary Standard Industrial
Classification Code Number)
6120 South Yale Avenue
Suite 805
Tulsa, Oklahoma 74136
(918) 481-1119

27-3427920
(IRS Employer
Identification Number)

(Address, including zip code, and telephone number, including
area code, of registrant's principal executive offices)

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Suite 805
Tulsa, Oklahoma 74136
(918) 481-1119

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Houston, Texas 77002

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(713) 220-5881

Approximate date of commencement of proposed sale to the public:
As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (check one)

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a
smaller reporting company)

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 22, 2011

PROSPECTUS

NGL Energy Partners LP

Common Units

Representing Limited Partner Interests

This is the initial public offering of common units of NGL Energy Partners LP. We are offering _____ common units. We currently estimate that the initial public offering price of our common units will be between \$ _____ and \$ _____ per common unit.

Prior to this offering, there has been no public market for our common units. We intend to apply to list our common units on the New York Stock Exchange under the symbol "NGL."

Investing in our common units involves risks. See "Risk Factors" beginning on page 16.

These risks include the following:

We may not have sufficient cash to enable us to pay the minimum quarterly distribution to our unitholders following the establishment of cash reserves by our general partner and the payment of costs and expenses, including reimbursement of expenses to our general partner.

Our retail propane operations are concentrated in the Midwest and Southwest, and localized warmer weather and/or economic downturns may adversely affect demand for propane in those regions, thereby affecting our financial condition and results of operations.

If we do not successfully identify acquisition candidates, complete accretive acquisitions on economically acceptable terms or adequately integrate the acquired operations into our existing operations, our future financial performance may be adversely affected and our growth may be limited.

Our general partner and its affiliates have conflicts of interest with us and limited fiduciary duties to our unitholders, and they may favor their own interests to the detriment of us and our unitholders.

Even if our unitholders are dissatisfied, they have limited voting rights and are not entitled to elect our general partner or its directors.

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Our unitholders will be required to pay taxes on their share of our income even if they do not receive any cash distributions from us.

	Per Common Unit	Total
Initial price to public	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds, before expenses, to NGL Energy Partners LP	\$	\$

We have granted the underwriters a 30-day option to purchase up to an additional _____ common units from us at the initial public offering price less the underwriting discount if the underwriters sell more than _____ common units in this offering.

None of the Securities and Exchange Commission, any state securities commission, or any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common units on or about _____, 2011.

Prospectus dated _____, 2011.

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You should rely only on the information contained in this prospectus or in any free writing prospectus we may authorize to be delivered to you. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. We and the underwriters are offering to sell, and seeking offers to buy, our common units only in jurisdictions where offers and sales are permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common units.

Through and including _____, 2011 (25 days after the commencement of this offering), all dealers that effect transactions in our common units, whether or not participating in this offering, may be required to deliver a prospectus. This delivery is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to their unsold allotments or subscriptions.

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. See "Risk Factors" beginning on page 16 and "Forward-Looking Statements" beginning on page 184.

Industry and Market Data

The market data and certain other statistical information used throughout this prospectus are based on independent industry publications, government publications or other published independent sources. Some data are also based on our good faith estimates. Although we believe these third-party sources are reliable and that the information is accurate and complete, we have not independently verified the information.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus. Because this summary provides only a brief overview of the key aspects of the offering, it does not contain all of the information that you should consider before investing in our common units. You should read the entire prospectus carefully, including "Risk Factors" beginning on page 16 and the consolidated historical and pro forma financial statements and the related notes, before making an investment decision. The information presented in this prospectus assumes (i) an initial public offering price of \$ _____ per common unit and (ii) unless otherwise indicated, that the underwriters do not exercise their option to purchase additional common units from us.

References in this prospectus to (i) "NGL Energy Partners LP," "we," "our," "us" or similar terms refer to NGL Energy Partners LP and its operating subsidiaries after giving effect to the formation transactions described in " Formation Transactions and Partnership Structure," (ii) "NGL Energy Holdings LLC" or "general partner" refers to NGL Energy Holdings LLC, our general partner, (iii) "Silverthorne Operating LLC" or "operating company" refers to Silverthorne Operating LLC, the direct operating subsidiary of NGL Energy Partners LP, (iv) "NGL Supply Inc." or "NGL Supply" refers to NGL Supply, Inc., our predecessor for accounting purposes, (v) "Hicksgas" refers to the combined assets and operations of Hicksgas Gifford, Inc., which we refer to as Gifford, and Hicksgas, LLC, which we refer to as Hicks LLC and (vi) the "NGL Energy Investor Group" refers to, collectively, the NGL Energy GP Investor Group and the NGL Energy LP Investor Group, as defined on pages 4 and 5.

Our Company

Overview

We are a Delaware limited partnership formed in September 2010 to own and operate a vertically-integrated propane business with three operating segments: retail propane; wholesale supply and marketing; and midstream.

Our Assets and Areas of Operation

Retail Propane. Our retail propane business consists of the retail marketing, sale and distribution of propane, including the sale and lease of propane tanks, equipment and supplies, to more than 56,000 residential, agricultural, commercial and industrial customers. Based on industry statistics from *LPGas* magazine, we believe that we are the 12th largest domestic retail propane distribution company by volume.

We market retail propane primarily in Georgia, Illinois, Indiana and Kansas through our customer service locations. We own or lease 44 customer service locations and 37 satellite distribution locations, with aggregate above-ground propane storage capacity of approximately four million gallons. We also own a fleet of bulk delivery trucks and service vehicles.

Wholesale Supply and Marketing. Our wholesale supply and marketing business provides propane procurement, storage, transportation and supply services to customers through assets owned by us and by third parties. Our wholesale supply and marketing business also obtains the majority of the propane supply for our retail propane business.

We procure propane from refiners, gas processing plants, producers and other resellers for delivery to leased storage, common carrier pipelines, rail car terminals and direct to certain customers. We lease approximately 67 million gallons of propane storage space in various strategic locations to accommodate the supply requirements and contractual needs of our retail and wholesale customers.

During the typical heating season from September 15 through March 15, we have the right to utilize ConocoPhillips' capacity as a shipper on the Blue Line pipeline, which runs from Borger, Texas to our propane terminals in East St. Louis, Illinois and Jefferson City, Missouri. Since ConocoPhillips is

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currently the only shipper on the Blue Line pipeline, we are effectively able to use 100% of the capacity on the Blue Line pipeline during this period each year. We do not believe any other shippers will meet the requirements to utilize the Blue Line pipeline under the applicable FERC tariff during the term of our agreement with ConocoPhillips.

Midstream. Our midstream business, which currently consists of our propane terminaling business, takes delivery of propane from a pipeline or truck at our propane terminals and transfers the propane to third party trucks for delivery to propane retailers, wholesalers or other customers. Our midstream assets consist of our three state-of-the-art propane terminals in East St. Louis, Illinois; Jefferson City, Missouri; and St. Catharines, Ontario. We are the exclusive service provider at each of our terminals, which have a combined annual throughput in excess of 170 million gallons of propane.

Our Business Strategies

Our principal business objective is to increase the quarterly distributions that we pay to our unitholders over time while ensuring the ongoing stability of our business. We expect to achieve this objective by executing the following strategies:

grow through strategic acquisitions;

pursue organic growth;

focus on consistent annual cash flows; and

maintain a disciplined capital structure.

Our Competitive Strengths

We believe that we are well-positioned to successfully execute our business strategies and achieve our principal business objective because of the following competitive strengths:

our experienced management team with extensive acquisition and integration experience;

cash flows from our vertically integrated and diversified operations;

our high percentage of retail sales to residential customers;

our wholesale supply and marketing business; and

our propane terminals and capacity on the Blue Line pipeline.

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Formation Transactions and Partnership Structure

We own and operate the propane and other natural gas liquids businesses that historically were owned and operated by NGL Supply and Hicksgas. In October 2010, the following transactions, which we refer to as the formation transactions, occurred:

Hicks Oils & Hicksgas, Incorporated, or HOH, formed a wholly owned subsidiary, Hicks LLC, and contributed to it all of HOH's propane and propane-related assets. The shareholders of Gifford contributed all of their shares of stock in Gifford to a newly formed holding company, Gifford Holdings, Inc.

Each of the NGL Supply Parties, the Coady Parties and the IEP Parties, as those terms are defined by the listings in the table below, made capital contributions to our general partner in exchange for membership interests in our general partner in the aggregate amounts of 36.47%, 31.00% and 32.53%, respectively.

Our general partner made a cash capital contribution of approximately \$58,800 to us in exchange for the continuation of its 0.1% general partner interest in us and incentive distribution rights and the IEP Parties made a cash capital contribution to us in the aggregate amount of approximately \$11.0 million in exchange for an aggregate 18.67% limited partner interest in us.

NGL Supply and Gifford each converted into a limited liability company and the members of NGL Supply, Hicks LLC and Gifford contributed 100% of their respective membership interests in those entities to us as capital contributions in exchange for (i) in the case of NGL Supply, a 43.27% limited partner interest in us, a cash distribution of approximately \$40.0 million and our agreement to pay or cause to be paid approximately \$27.9 million of existing indebtedness of NGL Supply, (ii) in the case of Hicks LLC, a 37.96% limited partner interest in us, a cash distribution of approximately \$1.6 million and our agreement to pay or cause to be paid approximately \$6.5 million of existing indebtedness of Hicks LLC and (iii) in the case of Gifford, a cash payment of approximately \$15.5 million.

We made a capital contribution of 100% of the membership interests of each of NGL Supply, Hicks LLC and Gifford to our wholly owned operating subsidiary, Silverthorne Operating LLC.

On October 14, 2010, we entered into a \$150 million revolving credit facility, consisting of a \$50 million working capital facility and a \$100 million acquisition facility, with a group of lenders. In February 2011, we increased the committed amount under the acquisition facility to \$130 million, which increased our total revolving credit facility capacity to \$180 million.

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As of February 28, 2011, the following 15 individuals and entities, which we collectively refer to as the NGL Energy GP Investor Group, owned all of the outstanding membership interests in our general partner in the percentages set forth below:

Ownership Interest	
NGL Holdings, Inc	23.12%
Stanley A. Bugh	0.93%
Robert R. Foster	1.04%
Brian K. Pauling	4.67%
Stanley D. Perry	0.93%
Stephen D. Tuttle	4.67%
Craig S. Jones	0.35%
Daniel Post	0.18%
Mark McGinty	0.31%