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Marlin Midstream Partners, LP
Form 10-Q
May 11, 2015

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

Form 10-Q

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

For the quarterly period ended March 31, 2015

Or

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

For the transition period from to

Marlin Midstream Partners, LP
(Exact Name of Registrant as Specified in its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	001-36018 Commission file number	46-2627595 (I.R.S. Employer Identification Number)
	12377 Merit Drive Suite 300 Dallas, Texas (Address of principal executive offices)	75251 (Zip Code)
	(972) 674-5200	

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files.) Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company

Indicate by a check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange

Act). Yes " No þ

The registrant had the following number of units outstanding as of May 8, 2015:

Class	Units Outstanding
Common Units	9,195,356
Subordinated Units	8,724,545

MARLIN MIDSTREAM PARTNERS, LP
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For the Quarter Ended March 31, 2015

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GLOSSARY OF TERMS

The following are definitions of certain terms used in this Quarterly Report on Form 10-Q:

Bbls: One stock tank barrel, or 42 U.S. gallons liquid volume, used in reference to oil or other liquid hydrocarbons.

Bbls/d: Stock tank barrel per day.

Bbls/hr: Stock tank barrel per hour.

condensate: A natural gas liquid with a low vapor pressure, mainly composed of propane, butane, pentane and heavier hydrocarbon fractions.

crude oil: A mixture of hydrocarbons that exists in liquid phase in underground reservoirs.

dry gas: A natural gas primarily composed of methane and ethane where heavy hydrocarbons and water either do not exist or have been removed through processing.

end-user markets: The ultimate users and consumers of transported energy products.

Mcf: One thousand cubic feet.

MMBtu: One million British Thermal Units.

MMcf: One million cubic feet.

MMcf/d: One million cubic feet per day.

natural gas liquids, or NGLs: The combination of ethane, propane, normal butane, isobutane and natural gasolines that when removed from natural gas become liquid under various levels of higher pressure and lower temperature.

residue gas: The dry gas remaining after being processed or treated.

tailgate: Refers to the point at which processed natural gas and natural gas liquids leave a processing facility for end-user markets.

throughput: The volume of natural gas transported or passing through a pipeline, plant, terminal or other facility during a particular period.

Cautionary Note Regarding Forward-Looking Statements

We have made in this report, and may from time to time otherwise make in other public filings, press releases and discussions by management, forward-looking statements concerning our operations, economic performance and financial condition. These statements can be identified by the use of forward-looking terminology including “may,” “will,” “believe,” “expect,” “anticipate,” “estimate,” “continue,” or other similar words. These statements discuss future expectations, contain projections of results of operations or financial condition or include other “forward-looking” information. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will be realized. These forward-looking statements involve risks and uncertainties. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following risks and uncertainties:

- the volume of natural gas we gather and process and the volume of NGLs we transport;
- the volume of crude oil that we transload;
- the level of production of crude oil and natural gas and the resultant market prices of crude oil, natural gas and NGLs;
- the level of competition from other midstream natural gas companies and crude oil logistics companies in our geographic markets and industry;
- the level of our operating expenses;
- regulatory action affecting the supply of, or demand for, crude oil and natural gas, the transportation rates we can charge on our pipelines, how we contract for services, our existing contracts, our operating costs and our operating flexibility;
- the effects of existing and future laws and governmental regulations;
- the effects of future litigation;
- capacity charges and volumetric fees that we pay for NGL fractionation services;
- realized pricing impacts on our revenues and expenses that are directly subject to commodity price exposure;
- the creditworthiness and performance of our customers, suppliers and contract counterparties, and any material nonpayment or non-performance by one or more of these parties;
- damage to pipelines, facilities, plants, related equipment and surrounding properties, including damage to third party pipelines or facilities upon which we rely for transportation services, caused by hurricanes, earthquakes, floods, fires, severe weather, casualty losses, explosions and other natural disasters and acts of terrorism;
- outages at the processing or fractionation facilities owned by us or third parties caused by mechanical failure and maintenance, construction and other similar activities;
- actions taken by third-party operators, processors and transporters;
- leaks or accidental releases of products or other materials into the environment, whether as a result of human error or otherwise;
- the level and timing of our expansion capital expenditures and our maintenance capital expenditures;
- the cost of acquisitions, if any;
- the level of our general and administrative expenses, including reimbursements to our general partner and its affiliates for services provided to us;
- our level of indebtedness, debt service requirements and other liabilities;
- fluctuations in our working capital needs;
- our ability to borrow funds and access capital markets;
- restrictions contained in our debt agreements;
- the amount of cash reserves established by our general partner; and
- other business risks affecting our cash levels

The risk factors and other factors noted throughout or incorporated by reference in this report could cause our actual results to differ materially from those contained in any forward-looking statement. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new

information, future events or otherwise.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MARLIN MIDSTREAM PARTNERS, LP
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands, except number of units)
 (unaudited)

	March 31, 2015	December 31, 2014
ASSETS		
Current assets		
Cash and cash equivalents	\$5,479	\$—
Accounts receivable	7,424	6,692
Other current assets	461	17
Total current assets	13,364	6,709
Property, plant, and equipment, net	407,323	215,636
Intangible assets, net	64,458	—
Goodwill	214,907	—
Other assets	3,529	4,392
TOTAL ASSETS	\$703,581	\$226,737
LIABILITIES, PARTNERS' CAPITAL AND PREDECESSOR PARENT COMPANY NET INVESTMENT		
Current liabilities		
Accounts payable and accrued liabilities	\$13,003	\$5,163
Current portion of long-term debt allocated from the Azure Credit Agreement	—	7,102
Total current liabilities	13,003	12,265
Long-term liabilities		
Long-term debt	182,771	127,831
Other long-term liabilities	411	—
Total liabilities	196,185	140,096
Partners' capital and predecessor parent company net investment		
Common units (9,195,356 issued and outstanding as of March 31, 2015)	221,119	—
Subordinated units (8,724,545 issued and outstanding as of March 31, 2015)	209,269	—
General partner interest	7,008	—
Incentive distribution rights (100 issued and outstanding as of March 31, 2015)	70,000	—
Predecessor parent company net investment	—	86,641
Total partners' capital and predecessor parent company net investment	507,396	86,641
TOTAL LIABILITIES, PARTNERS' CAPITAL AND PREDECESSOR PARENT COMPANY NET INVESTMENT	\$703,581	\$226,737

See the accompanying notes to the condensed consolidated financial statements.

MARLIN MIDSTREAM PARTNERS, LP
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except per unit amounts)
 (unaudited)

	Three Months Ended March 31,	
	2015	2014
Operating Revenues:		
Natural gas, NGLs and condensate revenue	\$4,560	\$9,832
Gathering, processing, transloading and other fee revenue	8,266	2,645
Total operating revenues	12,826	12,477
Operating Expenses:		
Cost of natural gas, NGLs and condensate revenue	3,866	6,126
Operation and maintenance	2,838	2,313
General and administrative	2,410	