Western Gas Partners LP
Form 424B3
May 12, 2010

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)3
Registration No. 333-160000

PRELIMINARY PROSPECTUS SUPPLEMENT Subject to completion May 12, 2010
(To Prospectus dated August 17, 2009)

4,000,000 Common Units

Representing Limited Partner Interests

We are offering 4,000,000 common units representing limited partner interests of Western Gas Partners, LP. We will receive all of the net proceeds from the sale of such common units.

Our common units are traded on the New York Stock Exchange under the symbol WES. The last reported sale price of our common units on the New York Stock Exchange on May 11, 2010 was $23.24 per common unit.

Investing in our common units involves a high degree of risk. Before buying any common units, you should read the discussion of the material risks of investing in our common units in Risk factors beginning on page S-8 of this prospectus supplement and on page 2 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Common Unit	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also purchase up to an additional 600,000 common units from us at the public offering price, less underwriting discounts and commissions payable by us, to cover over-allotments, if any, within 30 days from the date of this prospectus supplement. If the underwriters exercise the option in full, the total underwriting discounts and commissions will be $, and the net proceeds, before expenses, to us will be $.

The underwriters are offering the common units as set forth under Underwriting. Delivery of the common units will be made on or about May , 2010.

Joint Book-Running Managers

UBS Investment Bank	**Citi**	**Morgan Stanley**

Co-Managers

Credit Suisse	**Deutsche Bank Securities**
BMO Capital Markets	**Natixis Bleichroeder LLC**

You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us relating to this offering of common units. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are offering to sell the common units, and seeking offers to buy the common units, only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or any free writing prospectus is accurate as of any date other than the dates shown in these documents or that any information we have incorporated by reference herein is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of common units. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering of common units. Generally, when we refer only to the prospectus, we are referring to both parts combined. If the information about the common unit offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated by reference into this prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Please read Information incorporated by reference on page S-19 of this prospectus supplement.

Prospectus summary

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It does not contain all of the information that you should consider before making an investment decision. You should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated herein by reference for a more complete understanding of this offering of common units. Please read Risk factors beginning on page S-8 of this prospectus supplement and on page 2 of the accompanying prospectus for information regarding risks you should consider before investing in our common units. Unless the context otherwise indicates, the information included in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional common units.

Throughout this prospectus supplement, when we use the terms we, us, our or the partnership, we are referring either to Western Gas Partners, LP in its individual capacity or to Western Gas Partners, LP and its subsidiaries collectively, as the context requires. References in this prospectus supplement to our general partner refer to Western Gas Holdings, LLC, the general partner of Western Gas Partners, LP.

OUR BUSINESS

We are a growth-oriented Delaware limited partnership organized by Anadarko Petroleum Corporation (Anadarko) to own, operate, acquire and develop midstream energy assets. With midstream assets in East and West Texas, the Rocky Mountains and the Mid-Continent, we are engaged in the business of gathering, compressing, treating, processing and transporting natural gas and natural gas liquids (NGLs) for Anadarko and other producers and customers. The substantial majority of our services are provided under long-term contracts with fee-based rates with the remainder provided under percent-of-proceeds and keep-whole contracts. We have entered into fixed-price swap agreements with Anadarko to manage the future commodity price risk otherwise inherent in substantially all of our percent-of-proceeds and keep-whole contracts. A substantial part of our business is conducted under long-term contracts with Anadarko.

We believe that one of our principal strengths is our relationship with Anadarko. Over 75% of our total natural gas gathering, processing and transportation throughput was comprised of natural gas production owned or controlled by Anadarko during the three months ended March 31, 2010. In executing our growth strategy, which includes acquiring and constructing additional midstream assets, we utilize the significant experience of Anadarko s management team. For the three months ended March 31, 2010, Anadarko s total domestic midstream asset portfolio (excluding assets which we fully consolidate into our results) had an aggregate throughput of approximately 2.1 Bcf/d and consisted of 17 gathering systems, approximately 7,000 miles of pipeline and 12 processing and/or treating facilities.

OUR ASSETS AND AREAS OF OPERATION

Our assets consist of ten gathering systems, six natural gas treating facilities, six gas processing facilities, one natural gas liquids pipeline, and one interstate pipeline that is regulated by the Federal Energy Regulatory Commission (FERC). Our assets are located in East and West Texas, the Rocky Mountains (Utah and Wyoming), and the Mid-Continent (Kansas and Oklahoma). The following table

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provides information regarding our assets by geographic region as of and for the three months ended March 31, 2010:

Area	Asset type	Length (miles)	Approximate # of receipt points	Gas compression (horsepower)	Treating/ processing capacity (MMcf/d)	Average throughput (MMcf/d)
East Texas	Gathering and Treating	588	826	44,855	502	341
West Texas	Gathering	117	91	560	0	136
Rocky Mountains	Gathering and Treating(1)	428	179	25,839	386	174
	Gathering and Processing(2)	2,090	1,413	134,163	1,047	636
	Transportation	264	16	29,696	0	164
Mid-Continent	Gathering	2,038	1,546	102,257	0	114
Total		5,525	4,071	337,370	1,935	1,565

(1) Includes our 14.81% proportionate interest in Fort Union Gas Gathering, L.L.C.

(2) Includes our 50% interest in the Newcastle system and 100% of Chipeta Processing, LLC, in which we have a 51% interest.

PARTICIPATION OF INSIDERS

Benjamin M. Fink, the Senior Vice President and Chief Financial Officer of our general partner, Milton Carroll, a director of our general partner, James R. Crane, a director of our general partner, and certain affiliates of Donald R. Sinclair, the President, Chief Executive Officer and director of our general partner, are expected to purchase an aggregate of approximately 66,000 common units in connection with this offering at the public offering price.

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OWNERSHIP AND PRINCIPAL OFFICES OF WESTERN GAS PARTNERS, LP

The chart below depicts our organization and ownership structure after giving effect to this offering.

Our principal executive offices are located at 1201 Lake Robbins Drive, The Woodlands, Texas 77380-1046, and our telephone number is (832) 636-6000. Our website is located at *http://www.westerngas.com*. The information on our website is not part of this prospectus supplement.

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The offering

Common units offered by us to the public	4,000,000 common units, or 4,600,000 common units if the underwriters exercise their over-allotment option in full.
Common and subordinated units outstanding before this offering	36,995,614 common units and 26,536,306 subordinated units.
Common and subordinated units outstanding after this offering	40,995,614 common units, or 41,595,614 common units if the underwriters exercise their over-allotment option in full, and 26,536,306 subordinated units.
Use of proceeds	We expect to receive net proceeds from this offering of approximately $ million, or approximately $ million if the underwriters exercise their over-allotment option in full, in each case, including our general partner s proportionate capital contribution and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering, including any net proceeds from the underwriters exercise of their over-allotment option, to repay amounts outstanding under our revolving credit facility. We may reborrow any amounts repaid under our revolving credit facility to pay for capital expenditures and acquisitions and for other general partnership purposes. Please read Use of proceeds.
Cash distributions	Our partnership agreement requires us to distribute all of our cash on hand at the end of each quarter (including, at our general partner s election, all or a portion of cash on hand resulting from working capital borrowings made after the end of the quarter), less reserves established by our general partner. We refer to this cash as available cash, and we define its meaning in our partnership agreement. Please read Cash distribution policy on page 28 of the accompanying prospectus. On April 20, 2010, the board of directors of our general partner declared a cash distribution to our unitholders of $0.34 per common unit for the quarter ended March 31, 2010, which will be paid on May 14, 2010 to unitholders of record at the close of business on April 30, 2010. This distribution represents a 3.0% increase over the distribution of $0.33 per common unit paid for the quarter ended December 31, 2009, and a 13.3% increase over the distribution of $0.30 per common unit paid for the quarter ended March 31, 2009. Purchasers in this offering will not receive the distribution payable on May 14, 2010.
Issuance of additional common units	We can issue an unlimited number of common units without the consent of our unitholders.

Voting rights	Our general partner manages and operates us. Common unitholders have only limited voting rights on matters affecting our business. Common unitholders have no right to elect our general partner or its directors on an annual or other continuing basis. Our general partner may not be removed except by a vote of the holders of at least 662/3% of the outstanding units, including any units owned by our general partner and its affiliates, voting together as a single class. Upon consummation of this offering, our general partner and its affiliates will own an aggregate of approximately 53.0% of our common and subordinated units. This will give Anadarko the ability to prevent our general partner s involuntary removal.
Eligible Holders and redemption	Only Eligible Holders are entitled to receive distributions or be allocated income or loss from us. Eligible Holders are: individuals or entities subject to United States federal income taxation on the income generated by us; or entities not subject to United States federal taxation on the income generated by us, so long as all of the entity s owners are subject to such taxation. We have the right, which we may assign to any of our affiliates, but not the obligation, to acquire all of the common and subordinated units of any holder that is not an Eligible Holder or that has failed to certify or has falsely certified that such holder is an Eligible Holder. The purchase price for such acquisition would be equal to the lesser of the holder s purchase price and the then-current market price of the units, and may be paid in cash or by delivery of a promissory note, as determined by our general partner. Please read Description of the common units Transfer of common units and The limited partnership agreement Non-U.S. and non-taxpaying assignees; Redemption in the accompanying prospectus.
Estimated ratio of taxable income to distributions	We estimate that if you own the common units you purchase in this offering through the record date for distributions for the period ending December 31, 2012, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 25% or less of the cash distributed to you with respect to that period. For example, if you receive an annual distribution of $1.36 per common unit, we estimate that your average allocable federal taxable income per year will be no more than $0.34 per common unit. Please read Material tax considerations.
Material tax consequences	For a discussion of other material federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read Income tax considerations in the accompanying prospectus.

New York Stock Exchange symbol	WES

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Risk factors	You should read Risk factors beginning on page S-8 of this prospectus supplement and on page 2 of the accompanying prospectus and found in the documents incorporated herein by reference, as well as the other cautionary statements throughout this prospectus supplement, to ensure you understand the risks associated with an investment in our common units.

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Risk factors

An investment in our common units involves risk. Before making an investment in the common units offered hereby, you should carefully consider the risk factors included under the caption Risk factors beginning on page 2 of the accompanying prospectus, as well as the risk factors included in Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009, together with all of the other information included or incorporated by reference in this prospectus supplement. If any of these risks were to occur, our business, financial condition or results of operations could be materially and adversely affected. In such case, the trading price of the common units could decline, and you could lose all or part of your investment.

Use of proceeds

The net proceeds from this offering will be approximately $ million, or approximately $ million if the underwriters exercise their over-allotment option in full, in each case, including our general partner s proportionate capital contribution and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We intend to use the net proceeds from this offering, including any net proceeds from the underwriters exercise of their over-allotment option, to repay amounts outstanding under our revolving credit facility. We may reborrow any amounts repaid under our revolving credit facility to pay for capital expenditures and acquisitions and for other general partnership purposes.

As of May 11, 2010, total borrowings under our revolving credit facility were $210.0 million and had a weighted average interest rate of 2.6375%. We are also required to pay a quarterly facility fee ranging from 0.375% to 0.750% of the commitment amount (whether used or unused), based upon our consolidated leverage ratio, as defined in the revolving credit facility. The revolving credit facility has a maturity date of October 29, 2012 and borrowings thereunder bear interest at the applicable LIBOR, plus applicable margins ranging from 2.375% to 3.250%, or at an alternate base rate, based upon (i) the greater of the Prime Rate, the Federal Funds Rate plus 0.5%, and LIBOR plus 0.5% plus (ii) applicable margins ranging from 1.375% to 2.250%. The outstanding borrowings under the revolving credit facility were incurred to finance a portion of the cash consideration for the acquisition of the Granger gathering system and related assets from Anadarko in January 2010.

Affiliates of certain underwriters are lenders under our revolving credit facility, and as such, will receive a substantial portion of the proceeds from this offering pursuant to the repayment of borrowings under such facility. See Underwriting.

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Capitalization

The following table sets forth our cash and cash equivalents and capitalization as of March 31, 2010 on:

Ø a historical basis; and

Ø as adjusted to reflect the sale of common units in this offering, our general partner s proportionate capital contribution, and the application of the net proceeds therefrom as described in Use of proceeds.

	As of March 31, 2010	
	Historical	As adjusted for this offering
	(In thousands)	
Cash and cash equivalents	$ 55,223	$ 55,223
Revolving credit facility	$ 210,000	$
Notes payable Anadarko	175,000	175,000
Total debt	$ 385,000	$
Partners capital / parent net investment:		
Common units	$ 556,627	$
Subordinated units	277,723	277,723
General partner units	14,960	
Non-controlling interests	91,700	91,700
Total partners capital	$ 941,010	$
Total capitalization	$ 1,326,010	$

The table above should be read in conjunction with our financial statements and notes thereto that are incorporated by reference into this prospectus supplement and the accompanying prospectus. The table does not reflect any common units that may be sold to the underwriters upon exercise of their over-allotment option.

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Price range of common units and distributions

Our common units trade on the New York Stock Exchange under the symbol WES. The following table shows the high and low sales prices per common unit, as reported by the New York Stock Exchange, and cash distributions paid per common unit and subordinated unit for the periods indicated.

Quarter ended	**High**	**Low**	**Distribution per limited partner unit**
June 30, 2010 (through May 11, 2010)	$ 23.95	$ 21.57	$ (1)
March 31, 2010	$ 23.50	$ 19.42	$ 0.34(2)
December 31, 2009	$ 20.00	$ 17.11	$ 0.33
September 30, 2009	$ 17.99	$ 15.03	$ 0.32
June 30, 2009	$ 15.80	$ 13.22	$ 0.31
March 31, 2009	$ 16.65	$ 12.20	$ 0.30
December 31, 2008	$ 15.28	$ 9.00	$ 0.30
September 30, 2008	$ 17.05	$ 12.63	$ 0.30
June 30, 2008(3)	$ 17.49	$ 16.00	$ 0.1582(4)

(1) The distribution attributable to the quarter ending June 30, 2010 has not yet been declared or paid. We expect to declare and pay a cash distribution within 45 days following the end of the quarter.

(2) The distribution attributable to the quarter ended March 31, 2010 will be paid on May 14, 2010 to unitholders of record at the close of business on April 30, 2010. Purchasers in this offering will not receive the distribution payable on May 14, 2010.

(3) From May 9, 2008, the commencement of trading following our initial public offering.

(4) Represents a prorated distribution equal to the minimum quarterly distribution for the partial quarter following the closing of our initial public offering on May 14, 2008.

The last reported trading price of our common units on the New York Stock Exchange on May 11, 2010 was $23.24 per common unit. As of May 11, 2010, there were approximately 18 record holders of our common units.

The subordinated units are held by our general partner and its affiliates. Our general partner and its affiliates will receive a quarterly distribution on these units only after sufficient funds have been paid to the common unitholders. Please read Cash distribution policy on page 28 of the accompanying prospectus. There is no established public trading market for our subordinated units.

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Material tax considerations

The tax consequences to you of an investment in our common units will depend in part on your own tax circumstances. For a discussion of the principal federal income tax considerations associated with our operations and the purchase, ownership and disposition of our common units, please read Income tax considerations in the accompanying prospectus. Please also read Item 1A. Risk Factors Tax Risks to Common Unitholders in our Annual Report on Form 10-K for the year ended December 31, 2009 for a discussion of the tax risks related to purchasing and owning our common units. You are urged to consult with your own tax advisor about the federal, state, local and foreign tax consequences peculiar to your circumstances.

PARTNERSHIP STATUS

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes. We have not requested, and do not plan to request, a ruling from the IRS on this or any other tax matter affecting us. In order to be treated as a partnership for federal income tax purposes, at least 90% of our gross income must be from specific qualifying sources, such as the transportation of natural gas and natural gas products or other passive types of income such as dividends. Further, if we were required to register under the Investment Company Act of 1940, we would be taxed as a corporation even if we meet the qualifying income exception. For a more complete description of the qualifying income requirement and the impact of Investment Company Act registration on our status as a partnership for federal income tax purposes, please read Income tax considerations Partnership status in the accompanying prospectus.

Current law may also change so as to cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity-level taxation. For example, federal income tax legislation has been proposed by members of Congress that would eliminate partnership tax treatment for certain publicly traded partnerships and recharacterize certain types of income received from partnerships. We are unable to predict whether any of these changes, or other proposals, will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay state income tax at varying rates. Distributions to you would generally be taxed again as corporate distributions, and no income, gains, losses or deductions would flow through to you. Because a tax would be imposed upon us as a corporation, our cash available for distribution to you would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to the unitholders, likely causing a substantial reduction in the value of our common units.

RATIO OF TAXABLE INCOME TO DISTRIBUTIONS

We estimate that if you purchase common units in this offering and own them through December 31, 2012, then you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 25% or less of the cash distributed with respect to that period. Thereafter, we anticipate that the ratio of allocable taxable income to cash distributions to the unitholders will increase. A substantial portion of our unitholders allocable share of our taxable income will be attributable to the interest income from our loan to Anadarko, which is treated as portfolio income. A unitholder subject to the passive loss limitations will not be able to offset his share of this portfolio income with his allocable share of our operating deductions and loss. For a further discussion of the passive loss limitations, please read Income tax considerations Limitations on deductibility of losses in the accompanying prospectus. These estimates are based upon the assumption that gross income from

Material tax considerations

operations will approximate the amount required to make the minimum quarterly distribution on all units and other assumptions with respect to capital expenditures, cash flow, net working capital and anticipated cash distributions. These estimates and assumptions are subject to, among other things, numerous business, economic, regulatory, legislative, competitive and political uncertainties beyond our control. Further, the estimates are based on current tax law and tax reporting positions that we will adopt and with which the IRS could disagree. Accordingly, we cannot assure you that these estimates will prove to be correct. The actual ratio of taxable income to distributions could be higher or lower than expected, and any differences could be material and could materially affect the value of the common units. For example, the ratio of allocable taxable income to cash distributions to a purchaser of common units in this offering will be greater, and perhaps substantially greater, than our estimate with respect to the period described above if:

- gross income from operations exceeds the amount required to make minimum quarterly distributions on all units, yet we only distribute the minimum quarterly distributions on all units; or

- we make a future offering of common units and use the proceeds of the offering in a manner that does not produce substantial additional deductions during the period described above, such as to repay indebtedness outstanding at the time of this offering or to acquire property that is not eligible for depreciation or amortization for federal income tax purposes or that is depreciable or amortizable at a rate significantly slower than the rate applicable to our assets at the time of this offering.

NEW LEGISLATION

The recently enacted Patient Protection and Affordable Care Act of 2010, as amended by the Health Care and Education Reconciliation Act of 2010, is scheduled to impose an additional 3.8% Medicare tax on net investment income earned by certain individuals, estates and trusts for taxable years beginning after December 31, 2012. For these purposes, net investment income generally includes a unitholder s allocable share of our income and gain realized by a unitholder from a sale of units. Unitholders should consult their tax advisors regarding the effect of this legislation on their ownership and disposition of common units.

TAX EXEMPT ORGANIZATIONS AND OTHER INVESTORS

Ownership of common units by tax-exempt entities, regulated investment companies and non-U.S. investors raises issues unique to such persons. Please read Income tax considerations Tax-exempt organizations and other investors in the accompanying prospectus.

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Underwriting

We are offering the common units described in this prospectus supplement and the accompanying prospectus through the underwriters named below. UBS Securities LLC, Citigroup Global Markets Inc. and Morgan Stanley & Co. Incorporated are the book-running managers of this offering and the representatives of the underwriters. We will enter into an underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, each of the underwriters has severally agreed to purchase the number of common units listed next to its name in the following table.

Underwriters	**Number of units**
UBS Securities LLC	
Citigroup Global Markets Inc.	
Morgan Stanley & Co. Incorporated	