American Midstream Partners, LP
Form 10-Q
August 10, 2015
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended
June 30, 2015
or

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

For the transition period from to
Commission File Number: 001-35257

AMERICAN MIDSTREAM PARTNERS, LP
(Exact name of registrant as specified in its charter)

Delaware	27-0855785
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1400 16th Street, Suite 310 Denver, CO	80202
(Address of principal executive offices)	(Zip code)

(720) 457-6060
(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. ý 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). ý 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	ý
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
¨ Yes ý No

There were 22,762,504 common units, 8,682,271 Series A Units and 1,301,282 Series B Units of American Midstream Partners, LP outstanding as of August 7, 2015. Our common units trade on the New York Stock Exchange under the ticker symbol "AMID."

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Glossary of Terms

As generally used in the energy industry and in this Quarterly Report on Form 10-Q (the “Quarterly Report”), the identified terms have the following meanings:

Bbl	Barrels: 42 U.S. gallons measured at 60 degrees Fahrenheit.
Bcf	Billion cubic feet.
Btu	British thermal unit; the approximate amount of heat required to raise the temperature of one pound of water by one degree Fahrenheit.
Condensate	Liquid hydrocarbons present in casinghead gas that condense within the gathering system and are removed prior to delivery to the gas plant. This product is generally sold on terms more closely tied to crude oil pricing.
/d	Per day.
FERC	Federal Energy Regulatory Commission.
Fractionation	Process by which natural gas liquids are separated into individual components.
GAAP	Accounting principles generally accepted in the United States of America.
Gal	Gallons.
MMBtu	Million British thermal units.
Mcf	Thousand cubic feet.
MMcf	Million cubic feet.
Mgal	One thousand gallons.
NGL or NGLs	Natural gas liquid(s): The combination of ethane, propane, normal butane, isobutane and natural gasoline that, when removed from natural gas, become liquid under various levels of higher pressure and lower temperature.
Throughput	The volume of natural gas transported or passing through a pipeline, plant, terminal or other facility during a particular period.

As used in this Quarterly Report, unless the context otherwise requires, “we,” “us,” “our,” the “Partnership” and similar terms refer to American Midstream Partners, LP, together with its consolidated subsidiaries.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
American Midstream Partners, LP and Subsidiaries
Condensed Consolidated Balance Sheets
(Unaudited, in thousands)

	June 30, 2015	December 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$348	$499
Accounts receivable	6,263	4,924
Unbilled revenue	18,655	24,619
Risk management assets	1,155	688
Other current assets	8,134	15,554
Current deferred tax assets	5,504	3,086
Total current assets	40,059	49,370
Property, plant and equipment, net	622,590	582,182
Goodwill	134,853	142,236
Intangible assets, net	103,228	106,306
Investment in unconsolidated affiliates	21,935	22,252
Other assets, net	13,982	14,298
Total assets	$936,647	$916,644
Liabilities and Partners’ Capital		
Current liabilities		
Accounts payable	$15,957	$20,326
Accrued gas purchases	9,617	14,326
Accrued expenses and other current liabilities	18,557	25,800
Current portion of long-term debt	737	2,908
Risk management liabilities	69	215
Total current liabilities	44,937	63,575
Asset retirement obligations	35,048	34,645
Other liabilities	287	126
Long-term debt	387,100	372,950
Deferred tax liabilities	11,087	8,199
Total liabilities	478,459	479,495
Commitments and contingencies (See Note 16)		
Convertible preferred units		
Series A convertible preferred units (8,682 thousand and 5,745 thousand units issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)	160,373	107,965
Equity and partners' capital		
General Partner Interests (411 thousand and 392 thousand units issued and outstanding as of June 30, 2015 and December 31, 2014)	(5,218)	(2,450)
Limited Partner Interests (22,757 thousand and 22,670 thousand units issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)	265,319	294,695
Series B convertible units (1,301 thousand and 1,255 thousand units issued and outstanding as of June 30, 2015 and December 31, 2014, respectively)	33,053	32,220
Accumulated other comprehensive income (loss)	(32)	2
Total partners’ capital	293,122	324,467

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Noncontrolling interests	4,693	4,717
Total equity and partners' capital	297,815	329,184
Total liabilities, equity and partners' capital	$936,647	$916,644

The accompanying notes are an integral part of these condensed consolidated financial statements.

American Midstream Partners, LP and Subsidiaries
Condensed Consolidated Statements of Operations
(Unaudited, in thousands, except for per unit amounts)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Revenue	$67,198	$77,873	$131,660	$158,241
Gain (loss) on commodity derivatives, net	311	(193)	458	(323)
Total revenue	67,509	77,680	132,118	157,918
Operating expenses:				
Purchases of natural gas, NGLs and condensate	33,334	53,818	62,311	109,039
Direct operating expenses	13,967	11,044	27,834	20,005
Selling, general and administrative expenses	5,571	5,637	12,506	11,230
Equity compensation expense	550	435	2,248	795
Depreciation, amortization and accretion expense	9,250	6,012	18,939	13,644
Total operating expenses	62,672	76,946	123,838	154,713
Gain (loss) on sale of assets, net	(2,970)	—	(2,978)	(21)
Operating income (loss)	1,867	734	5,302	3,184
Other income (expense):				
Interest expense	(3,556)	(1,680)	(6,166)	(3,583)
Earnings in unconsolidated affiliates	4	—	171	—
Net income (loss) before income tax (expense) benefit	(1,685)	(946)	(693)	(399)
Income tax (expense) benefit	(317)	(149)	(473)	(138)
Net income (loss) from continuing operations	(2,002)	(1,095)	(1,166)	(537)
Income (loss) from discontinued operations, net of tax	(31)	(506)	(26)	(556)
Net income (loss)	(2,033)	(1,601)	(1,192)	(1,093)
Net income (loss) attributable to noncontrolling interests	32	66	46	174
Net income (loss) attributable to the Partnership	$(2,065)	$(1,667)	$(1,238)	$(1,267)
General Partner's Interest in net income (loss)	$(25)	$(22)	$(14)	$(15)
Limited Partners' Interest in net income (loss)	$(2,040)	$(1,645)	$(1,224)	$(1,252)
Distribution declared per common unit (a)	$0.4725	$0.4625	$0.9450	$0.9150
Limited partners' net income (loss) per common unit (See Note 4 and Note 13):				
Basic and diluted:				
Income (loss) from continuing operations	$(0.35)	$(0.55)	$(0.53)	$(0.92)
Income (loss) from discontinued operations	—	(0.04)	—	(0.05)
Net income (loss)	$(0.35)	$(0.59)	$(0.53)	$(0.97)
Weighted average number of common units outstanding:				
Basic and diluted	22,757	11,139	22,730	10,496

(a) Distributions declared and paid during the three and six months ended June 30, 2015 and 2014 related to prior periods' earnings.

The accompanying notes are an integral part of these condensed consolidated financial statements.

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American Midstream Partners, LP and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(Unaudited, in thousands)

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Net income (loss)	$(2,033)	$(1,601)	$(1,192)	$(1,093)
Unrealized gain (loss) on postretirement benefit plan assets and liabilities	(23)	10	(34)	46
Comprehensive income (loss)	(2,056)	(1,591)	(1,226)	(1,047)
Less: Comprehensive income (loss) attributable to noncontrolling interests	32	66	46	174
Comprehensive income (loss) attributable to Partnership	$(2,088)	$(1,657)	$(1,272)	$(1,221)

The accompanying notes are an integral part of these condensed consolidated financial statements.

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American Midstream Partners, LP and Subsidiaries
Condensed Consolidated Statements of Changes in Partners' Capital
and Noncontrolling Interest
(Unaudited, in thousands)

	General Partner Interest	Limited Partner Interest	Series B Convertible Units	Accumulated Other Comprehensive Income	Total Partners' Capital	Noncontrolling Interest
Balances at December 31, 2013	$2,696	$71,039	$—	$104	$73,839	$4,628
Net income (loss)	(15)	(1,252)	—	—	(1,267)	174
Issuance of common units to public, net of offering costs	—	86,904	—	—	86,904	—
Issuance of Series B units	—	—	31,052	—	31,052	—
Unitholder contributions	1,276	—	—	—	1,276	—
Unitholder distributions	(1,192)	(18,093)	—	—	(19,285)	—
Issuance and exercise of warrant	(7,164)	7,164	—	—	—	—
Net distributions to noncontrolling interests	—	—	—	—	—	(226)
Acquisitions of noncontrolling interests	—	21	—	—	21	(29)
LTIP vesting	(511)	639	—	—	128	—
Tax netting repurchase	—	(151)	—	—	(151)	—
Equity compensation expense	698	—	—	—	698	—
Other comprehensive loss	—	—	—	46	46	—
Balances at June 30, 2014	$(4,212)	$146,271	$31,052	$150	$173,261	$4,547
Balances at December 31, 2014	$(2,450)	$294,695	$32,220	$2	$324,467	$4,717
Net income (loss)	(14)	(1,224)	—	—	(1,238)	46
Issuance of Series B units	—	—	833	—	833	—
Unitholder contributions	376	—	—	—	376	—
Unitholder distributions	(3,004)	(29,800)	—	—	(32,804)	—
Net distributions to noncontrolling interests	—	—	—	—	—	(70)
LTIP vesting	(2,178)	2,373	—	—	195	—
LTIP tax netting unit repurchase	—	(725)	—	—	(725)	—
Equity based compensation	2,052	—	—	—	2,052	—
Other comprehensive income	—	—	—	(34)	(34)	—
Balances at June 30, 2015	$(5,218)	$265,319	$33,053	$(32)	$293,122	$4,693

The accompanying notes are an integral part of these condensed consolidated financial statements.

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American Midstream Partners, LP and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited, in thousands)

	Six months ended June 30, 2015	2014
Cash flows from operating activities		
Net income (loss)	$(1,192)	$(1,093)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation, amortization and accretion expense	18,939	13,644
Amortization of deferred financing costs	667	847
Amortization of weather derivative premium	475	554
Unrealized (gain) loss on commodity derivatives, net	(213)	113
Non-cash compensation	2,294	730
Postretirement expense (benefit)	18	(23)
(Gain) loss on sale of assets, net	2,978	106
Loss on impairment of noncurrent assets held for sale	—	673
Deferred tax expense (benefit)	457	(161)
Changes in operating assets and liabilities, net of effects of assets acquired and liabilities assumed:		
Accounts receivable	(1,331)	(556)
Unbilled revenue	5,964	(2,083)
Risk management assets and liabilities	(875)	(965)
Other current assets	1,041	1,547
Other assets, net	37	22
Accounts payable	6,200	(851)
Accrued gas purchases	(4,709)	(188)
Accrued expenses and other current liabilities	(1,293)	680
Asset retirement obligations	—	(623)
Other liabilities	163	38
Net cash provided by operating activities	29,620	12,411
Cash flows from investing activities		
Cost of acquisitions, net of cash acquired	7,383	(110,909)
Additions to property, plant and equipment	(79,734)	(13,229)
Proceeds from disposals of property, plant and equipment	3,876	6,202
Investment in unconsolidated affiliate	(626)	—
Return of capital from unconsolidated affiliate	1,329	—
Restricted cash	6,475	—
Net cash used in investing activities	(61,297)	(117,936)
Cash flows from financing activities		
Proceeds from issuance of common units to public, net of offering costs	(348)	86,904
Unitholder contributions	330	1,276
Unitholder distributions	(24,364)	(13,793)
Issuance of Series A Units	45,000	—
Issuance of Series B Units	—	30,000
Acquisition of noncontrolling interests	—	(8)
Net distributions to noncontrolling interests	(70)	(226)
LTIP tax netting unit repurchase	(725)	(151)
Payment of deferred financing costs	(276)	(154)

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Payments on other debt	(2,171)	(1,644)
Borrowings on other debt	—	170
Payments on long-term debt	(123,650)	(75,220)
Borrowings on long-term debt	137,800	80,985
Net cash provided by financing activities	31,526	108,139
Net increase (decrease) in cash and cash equivalents	(151)	2,614
Cash and cash equivalents		
Beginning of period	499	393
End of period	$348	$3,007
Supplemental cash flow information		
Interest payments, net	$5,572	$2,718
Supplemental non-cash information		
Increase (decrease) in accrued property, plant and equipment	$(16,897)	$9,501
Accrued paid in-kind unitholder distributions for Series A Units	7,607	5,760
In-kind unitholder distributions for Series B Units	833	1,052

The accompanying notes are an integral part of these condensed consolidated financial statements.

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American Midstream Partners, LP and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(Unaudited)
1. Organization and Basis of Presentation

General

American Midstream Partners, LP (the "Partnership", "we", "us", or "our"), was formed on August 20, 2009 as a Delaware limited partnership for the purpose of operating, developing and acquiring a diversified portfolio of midstream energy assets. The Partnership's general partner, American Midstream GP, LLC (the "General Partner"), is 95% owned by High Point Infrastructure Partners, LLC ("HPIP") and 5% owned by AIM Midstream Holdings, LLC. We hold our assets in a series of wholly owned limited liability companies, two limited partnerships and a corporation. Our capital accounts consist of notional general partner units and limited partner interests.

Nature of Business

We are engaged in the business of gathering, treating, processing, and transporting natural gas, fractionating NGLs, transporting oil and storing specialty chemical products through our ownership and operation of twelve gathering systems, five processing facilities, three fractionation facilities, four marine terminal sites, three interstate pipelines, five intrastate pipelines and one oil pipeline. We also own a 66.7% non-operating interest in Main Pass Oil Gathering, LP ("MPOG"), a crude oil gathering and processing system, a 50% undivided, non-operating interest in the Burns Point Plant, a natural gas processing plant, and a 46% non-operated interest in Mesquite, an off-spec condensate fractionation project. Our primary assets, which are strategically located in Alabama, Georgia, Louisiana, Maryland, Mississippi, North Dakota, Tennessee and Texas, provide critical infrastructure that links producers of natural gas, NGLs, condensate and specialty chemicals to numerous intermediate and end-use markets. We currently operate more than 3,000 miles of pipelines that gather and transport over 1 Bcf/d of natural gas and operate approximately 1.7 million barrels of storage capacity across four marine terminal sites.

Basis of Presentation

These unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The year-end balance sheet data was derived from consolidated audited financial statements but does not include disclosures required by GAAP for annual periods. The information furnished herein reflects all normal recurring adjustments that are, in the opinion of management, necessary for a fair statement of financial position and results of operations for the respective interim periods.

Our financial results for the three and six months ended June 30, 2015, are not necessarily indicative of the results that may be expected for the full year ended December 31, 2015. These unaudited condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2014 (“Annual Report”) filed with the Securities and Exchange Commission (the "SEC") on March 10, 2015.

Consolidation Policy

The accompanying condensed consolidated financial statements include accounts of American Midstream Partners, LP, and its controlled subsidiaries. All significant inter-company accounts and transactions have been eliminated in the preparation of the accompanying condensed consolidated financial statements. We hold a 50% undivided interest in the Burns Point natural gas processing plant in which we are responsible for our proportionate share of the costs and expenses of the facility. Our condensed consolidated financial statements reflect our proportionate share of the revenues, expenses, assets and liabilities of this undivided interest. As of June 30, 2015, we also hold a 92.2% undivided interest in the Chatom Processing and Fractionation facility (the "Chatom System"). Our condensed consolidated financial statements reflect the accounts of the Chatom System and the interests in the Chatom System held by non-affiliated working interest owners are reflected as noncontrolling interests in the Partnership's condensed consolidated financial statements.

The Partnership accounts for its 66.7% non-operated interest in MPOG and its 46.0% non-operated interest in Mesquite under the equity method.

Use of Estimates

When preparing condensed consolidated financial statements in conformity with GAAP, management must make estimates and assumptions based on information available at the time. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosures of contingent assets and liabilities as of the date of the financial statements. Estimates and assumptions are based on information available at the time such estimates and assumptions are made. Adjustments made with respect to the use of these estimates and assumptions often relate to information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements. Estimates and assumptions are used in, among other things i) estimating unbilled revenues, product purchases and operating and general and administrative costs, ii) developing fair value estimates, including assumptions for future cash flows and discount rates, iii) analyzing long-lived assets, goodwill and intangible assets for possible impairment, iv) estimating the useful lives of assets and v) determining amounts to accrue for contingencies, guarantees and indemnifications. Actual results, therefore, could differ materially from estimated amounts.

2. Recent Accounting Pronouncements

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606), which amends the existing accounting standards for revenue recognition. The standard requires an entity to recognize revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in ASU 2014-09 is now effective for annual reporting periods beginning after December 15, 2017, including interim periods therein, as a result of the FASB's recent decision to defer the effective date by one year. We are currently evaluating the method of adoption and impact this standard will have on our condensed consolidated financial statements and related disclosures.

In February 2015, the FASB issued ASU No. 2015-02, Amendments to the Consolidation Analysis. This guidance amends the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. ASU 2015-02 is effective for fiscal years, and for interim periods within those fiscal years, beginning after December 15, 2015, and early adoption is permitted. The Partnership is currently evaluating the potential impact this standard will have on its condensed consolidated financial statements and related disclosures.

In April 2015, the FASB issued ASU No. 2015-03, Simplifying the Presentation of Debt Issuance Costs. This amendment requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015, including interim periods therein, and is applied retrospectively. Early adoption is permitted for financial statements that have not been previously issued. Given the Partnership's debt issuance costs relate to its revolving debt Credit Facility, the Partnership does not anticipate this standard to alter its current accounting for such costs.

In April 2015, the FASB issued ASU No. 2015-06, Earnings Per Share (Topic 260). This guidance clarifies the process for updating historical earnings per unit disclosures when a drop-down transaction occurs between entities under common control. Pursuant to the amendment, the previously reported earnings per unit measure presented in the historical financial statements would not change as a result of the drop-down transaction. ASU 2015-06 is effective for annual reporting periods beginning after December 15, 2015, and for interim periods within those fiscal years. Early adoption is permitted. The Partnership has evaluated this guidance and determined it is consistent with our policy and historical presentation of earnings per unit.

3. Acquisitions and Divestitures

Costar Acquisition

On October 14, 2014, the Partnership acquired 100% of the membership interests of Costar Midstream, L.L.C. ("Costar") from Energy Spectrum Partners VI LP and Costar Midstream Energy, LLC, in exchange for $258.0 million in cash and 6.9 million of the Partnership's common units representing Limited Partner interests, or common units (the "Costar Acquisition"). Costar is an onshore gathering and processing company with its primary gathering, processing, fractionation, and off-spec condensate treating and stabilization assets in East Texas and the Permian basin, with a significant crude oil gathering system project under development in the Bakken oil play.

The Costar Acquisition was accounted for using the acquisition method of accounting and as a result, the aggregate purchase price was allocated to the assets acquired, liabilities assumed and a noncontrolling interest in a Costar subsidiary based on their respective fair values as of the acquisition date. The excess of the aggregate purchase price over the fair values of the assets acquired, liabilities assumed and the noncontrolling interest was classified as goodwill, which is attributable to future prospective customer agreements expected to be obtained as a result of the acquisition. The operating systems acquired have been included in the Partnership’s Gathering and Processing segment from the acquisition date.

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During the first quarter of 2015, we reached an agreement on certain working capital matters with the Costar sellers, resulting in a decrease to goodwill of $0.2 million.

In the second quarter of 2015, we reached an agreement with the Costar sellers regarding certain capital expenditures that we have incurred, or will incur, that were not known at the time of closing, which resulted in a decrease to goodwill and cash consideration transferred of $7.2 million.

The following table summarizes the fair value of consideration transferred to acquire Costar and the allocation of that amount to the assets acquired, liabilities assumed and the noncontrolling interest based upon their respective fair values as of the acquisition date (in thousands).

Fair value of consideration transferred:	
Cash	$258,001
Limited partner common units	147,296
Total fair value of consideration	$405,297
Fair Value of assets acquired, liabilities assumed and noncontrolling interest:	
Working capital	$8,152
Property, plant and equipment:	
Processing plants	$48,357
Pipelines	128,799
Land	1,244
Buildings	682
Equipment	9,827
Construction in progress	16,146
Total property, plant and equipment	205,055
Investment in unconsolidated affiliate	11,884
Intangible assets:	
Customer relationships	53,400
Dedicated acreage	32,000
Goodwill	95,025
Noncontrolling interest	(219)
	$405,297

The fair value of the common units of $147.3 million differs from the amount determined using the market price of such units on the date of the acquisition as a result of restrictions which require the sellers to hold the units for specified periods of time. The fair value of Limited Partner common units issued in the transaction was determined using an option pricing model and the following key assumptions: i) the closing unit market price on the day of the acquisition, ii) the contractual holding periods, iii) historical unit price volatility for the Partnership and its peers, and iv) a risk-free rate of return.

The fair value of property, plant and equipment was determined using both the cost and market approaches which required significant Level 3 inputs. Key assumptions included i) estimated replacement costs for individual assets or asset groups, ii) estimated remaining useful lives for the acquired assets, and iii) recent market transactions for similar assets. The fair value of intangible assets was determined using the income approach which also required significant Level 3 inputs. Key assumptions included i) estimated throughput volumes, ii) forward market prices for natural gas and NGLs as of the acquisition date, iii) estimated future operating and development cash flows, and iv) discount rates ranging from 11.0% to 16.0%.

The intangible assets acquired relate to existing customer relationships that Costar had at the time of the acquisition, as well as agreements with two producers under which Costar agreed to construct and operate gathering and processing facilities in exchange for the producers’ agreements to dedicate certain acreage and related production to those facilities. Working capital includes $11.2 million of accounts receivable, all of which were subsequently collected.

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For the three and six months ended June 30, 2015, Costar contributed revenue of $24.2 million and $45.6 million, respectively, and net income of $0.6 million and $1.8 million, respectively, attributable to the Partnership's Gathering and Processing segment.

Lavaca Acquisition

On January 31, 2014, the Partnership acquired approximately 120 miles of high- and low-pressure pipelines and associated facilities located in the Eagle Ford shale in Gonzales and Lavaca Counties, Texas from Penn Virginia Corporation (NYSE: PVA) ("PVA") for $104.4 million in cash (the "Lavaca Acquisition"). The Lavaca Acquisition was financed with proceeds from the Partnership's January 2014 equity offering and from the issuance of Series B Units to our General Partner.

The Lavaca Acquisition was accounted for using the acquisition method of accounting and, as a result, the purchase price was allocated to the assets acquired upon their respective fair values as of the acquisition date. The excess of the purchase price over the fair value of the assets acquired was classified as goodwill.

The following table summarizes the final allocation of the purchase price to the assets acquired based upon their respective fair values as of the acquisition date (in thousands):

Property, plant and equipment:	
Land	$2
Pipelines	58,737
Equipment	753
Total property, plant and equipment	59,492
Intangible assets	21,350
Goodwill	23,567
Total cash consideration	$104,409

The fair value of property, plant and equipment was determined using the cost approach which required significant Level 3 inputs. Key assumptions included i) estimated replacement costs for individual assets or asset groups and ii) estimated remaining useful lives for the acquired assets. The fair value of intangible assets was determined using the income approach which also required significant Level 3 inputs. Key assumptions included i) estimated throughput volumes, ii) future operating and development cash flows, and iii) a discount rate of 10.5%.

The intangible assets acquired relate to a gas gathering agreement under which PVA has dedicated certain acreage and related production to the acquired facilities.

For the three and six months ended June 30, 2015, Lavaca contributed revenue of $5.9 million and $11.9 million, respectively, and net income of $2.3 million and $4.5 million, respectively, attributable to the Partnership's Gathering and Processing segment. For the three and six months ended June 30, 2014, Lavaca contributed revenue of $3.7 million and $6.0 million, respectively, and net income of $0.6 million and $2.2 million, respectively, attributable to the Partnership's Gathering and Processing segment.

Other Acquisitions

Investment in Unconsolidated Affiliates

On August 11, 2014, the Partnership acquired a 66.7% non-operated interest in MPOG, an offshore oil gathering system, for a net purchase price of $12.0 million, which was financed with borrowings from the Partnership's credit facility. Although the Partnership owns a majority interest in MPOG, the ownership structure requires unanimous approval of all owners on decisions impacting the operation of the assets and any changes in ownership structure. Therefore, the Partnership's voting rights are not proportional to its obligation to absorb losses or receive returns. The Partnership accounts for its 66.7% interest using the equity method.

For three and six months ended June 30, 2015, the Partnership recorded less than $0.1 million and $0.2 million, respectively, in earnings from MPOG. The Partnership received cash distributions of $0.5 million and $1.5 million for the three and six months ended June 30, 2015, respectively. The excess of the cash distributions received over the earnings recorded from MPOG is classified as a return of capital within the investing section of our consolidated statement of cash flows.

Williams Pipeline Acquisition

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In the first quarter of 2014, the Partnership acquired natural gas pipeline facilities that are contiguous to and connect with our High Point System in our Transmission segment located in offshore Louisiana from Transcontinental Gas Pipe Line Company, LLC, a subsidiary of Williams Partners, LP. for $6.5 million in cash. The acquisition was subject to FERC approval of the seller's application to abandon by sale to us the pipeline facilities and to permit the facilities to serve a gathering function, exempt from FERC's jurisdiction. The FERC granted approval of the application during the first quarter of 2014, and the purchase and sale agreement closed on March 14, 2014. The purchase price was allocated to pipelines using the income approach which required certain Level 3 inputs.

Divestitures

On June 1, 2015, the Partnership disposed of certain non-strategic off-shore transmission assets in Louisiana with a net book value of $3.0 million for nominal proceeds, resulting in a non-cash loss on disposal of $3.0 million.

On March 31, 2014, the Partnership completed the sale of certain gathering and processing assets in Madison County, Texas. We received $6.1 million in cash proceeds related to the sale, which approximated its net book value.

4. Discontinued Operations

The Partnership continues to classify the terminal asset in Salisbury, Maryland as held for sale as we are continuing negotiations for the sale of those assets, contingent upon the purchaser’s completion of due diligence. The net book value of the assets and liabilities attributable to the terminal asset comprise less than $0.1 million of Other current assets, $1.2 million of Other assets, net, and less than $0.1 million of Accrued expenses and other current liabilities as of June 30, 2015 and December 31, 2014.

We have classified these assets as discontinued operations within our condensed consolidated statement of operations. Accordingly, we reclassified the disposal group's results of operations from our results of continuing operations to Income (loss) from discontinued operations, net of tax in our accompanying condensed consolidated statement of operations for all periods presented. We elected not to present separately the operating, investing and financing cash flows related to the disposal groups in our accompanying condensed consolidated statement of cash flows as this activity was immaterial for all periods presented. The following table presents the revenue, expense and gain (loss) from operations of disposal groups associated with the assets classified as held for sale for the three and six months ended June 30, 2015 and 2014 (in thousands, except per unit amounts):

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Revenue	$10	$212	$74	$449
Expense	(61)	(268)	(116)	(545)
Loss on impairment of property, plant and equipment	—	(673)	—	(673)
Loss on sale of assets	—	(65)	—	(87)
Income tax benefit	20	288	16	300
Income (loss) from operations of disposal groups, net of tax	$(31)	$(506)	$(26)	$(556)
Limited partners' net income (loss) per unit from discontinued operations (basic and diluted)	$—	$(0.04)	$—	$(0.05)

5. Concentration of Credit Risk and Trade Accounts Receivable

Our primary assets, which are strategically located in Alabama, Georgia, Louisiana, Maryland, Mississippi, North Dakota, Tennessee and Texas, provide critical infrastructure that links customers of natural gas, NGLs, condensate and specialty chemicals to numerous intermediate and end-use markets. As a result of recent acquisitions and geographic diversification, we have reduced the concentration of trade receivable balances due from these customer groups, and as such reduced the concentration which may affect our overall credit risk in that the customers may be similarly affected by changes in economic, regulatory or other factors. We maintain allowances for potentially uncollectible accounts receivable; however, for the three and six months ended June 30, 2015 and 2014, no allowances on or significant write-offs of accounts receivable were recorded.

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During the three and six months ended June 30, 2015, no individual customer accounted for 10% or more of the Partnership's consolidated revenue.

6. Other Current Assets

Other current assets consist of the following (in thousands):

	June 30, 2015	December 31, 2014
Prepaid insurance	$1,922	$4,162
Restricted cash	—	6,475
Other current assets	6,212	4,917
	$8,134	$15,554

Restricted cash of $6.5 million as of December 31, 2014 consisted of a cash-backed letter of credit related to Costar operations that the Partnership was contractually obligated to maintain after the Costar Acquisition. The Partnership was released from this obligation in January 2015. Other current assets primarily consist of natural gas imbalances and amounts due from related parties.

7. Derivatives

Commodity Derivatives

To minimize the effect of commodity price changes and maintain our cash flow and the economics of our development plans, we enter into commodity hedge contracts from time to time. The terms of the contracts depend on various factors, including management's view of future commodity prices, economics on purchased assets and future financial commitments. This hedging program is designed to mitigate the effect of commodity price declines while allowing us to participate in some commodity price upside. Management regularly monitors the commodity markets and financial commitments to determine if, when, and at what level commodity hedging is appropriate in accordance with policies that are established by the board of directors of our General Partner. Currently, our commodity derivatives are in the form of swaps. As of June 30, 2015, the aggregate notional volume of our commodity derivatives was 4.3 million gallons of NGLs, natural gasoline, and crude oil equivalent.

We enter into commodity contracts with multiple counterparties, and in some cases, may be required to post collateral with our counterparties in connection with our derivative positions. As of June 30, 2015, we were not required to post collateral with any counterparty. The counterparties are not required to post collateral with us in connection with their derivative positions. Netting agreements are in place that permit us to offset our commodity derivative asset and liability positions with our counterparties.

We did not designate any of our commodity derivatives as hedges for accounting purposes. As a result, our commodity derivatives are accounted for at fair value in our condensed consolidated balance sheets with changes in fair value recognized currently in earnings.

Interest Rate Swap

We entered into an interest rate swap to manage the impact of the interest rate risk associated with our credit facility, effectively converting a portion of the cash flows related to our long-term variable rate debt into fixed rate cash flows. As of June 30, 2015, the notional amount of our interest rate swap was $100.0 million. The interest rate swap was entered into with a single counterparty and we were not required to post collateral. The interest rate swap expired

August 1, 2015.

Weather Derivative

In the second quarter of 2015, we entered into a weather derivative to mitigate the impact of potential unfavorable weather to our operations under which we could receive payments totaling up to $10.0 million in the event that a hurricane or hurricanes of certain strength pass through the area as identified in the derivative agreement. The weather derivatives are accounted for using the intrinsic value method, under which the fair value of the contract was zero and any amounts received are recognized as gains during the period received. The weather derivatives were entered into with a single counterparty, and we were not required to post collateral.

We paid premiums of $0.9 million in 2015, which are recorded as current Risk management assets on our condensed consolidated balance sheet and are being amortized to Direct operating expenses on a straight-line basis over the term of the contract of one year. Unamortized amounts associated with the weather derivatives were approximately $0.8 million as of June 30, 2015.
As of June 30, 2015 and December 31, 2014, the value associated with our commodity derivatives, interest rate swap, and weather derivative were recorded in our condensed consolidated balance sheets, under the captions as follows (in thousands):

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Balance Sheet Classification	Gross Risk Management Assets June 30, 2015	Gross Risk Management Assets December 31, 2014	Gross Risk Management Liabilities June 30, 2015	Gross Risk Management Liabilities December 31, 2014	Net Risk Management Assets (Liabilities) June 30, 2015	Net Risk Management Assets (Liabilities) December 31, 2014
Current	$1,155	$688	$—	$—	$1,155	$688
Noncurrent	—	—	—	—	—	—
Total assets	$1,155	$688	$—	$—	$1,155	$688
Current	$—	$—	$(69)	$(215)	$(69)	$(215)
Noncurrent	—	—	—	—	—	—
Total liabilities	$—	$—	$(69)	$(215)	$(69)	$(215)

For the three and six months ended June 30, 2015 and 2014, respectively, the realized and unrealized gains (losses) associated with our commodity derivatives, interest rate swap instrument and weather derivative were recorded in our condensed consolidated statements of operations, under the captions as follows (in thousands):

Statement of Operations Classification	Three months ended June 30, Gain (loss) on derivatives Realized	Three months ended June 30, Gain (loss) on derivatives Unrealized	Six months ended June 30, Gain (loss) on derivatives Realized	Six months ended June 30, Gain (loss) on derivatives Unrealized
2015				
Gain (loss) on commodity derivatives, net	$252	$59	$391	$67
Interest expense	(101)	98	(203)	146
Direct operating expenses	(234)	—	(475)	—
Total	$(83)	$157	$(287)	$213
2014				
Gain (loss) on commodity derivatives, net	$(80)	$(113)	$(182)	$(141)
Interest expense	(109)	38	(213)	28
Direct operating expenses	(269)	—	(553)	—
Total	$(458)	$(75)	$(948)	$(113)

8. Fair Value Measurement

We believe the carrying amount of cash and cash equivalents, accounts receivable and accounts payable approximates fair value because of the short-term maturity of these instruments.

The recorded value of the amounts outstanding under the credit facility approximates its fair value, as interest rates are variable, based on prevailing market rates and the short-term nature of borrowings and repayments under the credit facility.

The fair value of all derivatives instruments is estimated using a market valuation methodology based upon forward commodity price curves, volatility curves as well as other relevant economic measures, if necessary. Discount factors may be utilized to extrapolate a forecast of future cash flows associated with long dated transactions or illiquid market points. The inputs are obtained from independent pricing services, and we have made no adjustments to the obtained prices.

We have consistently applied these valuation techniques in all periods presented and believe we have obtained the most accurate information available for the types of derivatives contracts held. We will recognize transfers between levels at the end of the reporting period in which the transfer occurred. There were no such transfers for the six months ended June 30, 2015 and 2014.

Fair Value of Financial Instruments

The following table sets forth by level within the fair value hierarchy, our commodity derivative instruments and interest rate swap, included as part of Risk management assets and Risk management liabilities within our condensed consolidated balance sheets, that were measured at fair value on a recurring basis as of June 30, 2015 and December 31, 2014 (in thousands):

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	Carrying Amount	Estimated Fair Value of the Asset (Liability) Level 1	Level 2	Level 3	Total
Commodity derivative instruments, net					
June 30, 2015	$353	$—	$353	$—	$353
December 31, 2014	286	—	286	—	286
Interest rate swap					
June 30, 2015	$(69)	$—	$(69)	$—	$(69)
December 31, 2014	(215)	—	(215)	—	(215)

The unamortized portion of the premium paid to enter the weather derivative described in Note 7 "Derivatives" is included within Risk management assets on our condensed consolidated balance sheet but is not included as part of the above table as it is recorded at amortized carrying cost, not fair value.

9. Property, Plant and Equipment, Net

Property, plant and equipment, net, as of June 30, 2015 and December 31, 2014 were as follows (in thousands):

	Useful Life (in years)	June 30, 2015	December 31, 2014
Land	N/A	$5,282	$5,282
Construction in progress	N/A	90,085	77,550
Base gas	N/A	1,108	1,108
Buildings and improvements	4 to 40	9,708	6,855
Processing and treating plants	8 to 40	81,404	80,837
Pipelines	3 to 40	479,749	451,341
Compressors	4 to 20	30,506	24,548
Dock	20 to 40	8,105	8,072
Tanks, truck rack and piping	20 to 40	32,826	30,079
Equipment	8 to 20	9,474	8,855
Computer software	5	3,856	3,490
Total property, plant and equipment		752,103	698,017
Accumulated depreciation		(129,513)	(115,835)
Property, plant and equipment, net		$622,590	$582,182

Of the gross property, plant and equipment balances at June 30, 2015 and December 31, 2014, $104.4 million and $101.9 million, respectively, were related to AlaTenn, Midla and HPGT, our FERC regulated interstate and intrastate assets.

Capitalized interest was $0.5 million and $0.1 million for the three months ended June 30, 2015 and 2014, respectively, and $0.7 million and $0.2 million for the six months ended June 30, 2015 and 2014, respectively.

Depreciation expense was $7.6 million and $4.7 million for the three months ended June 30, 2015 and 2014, respectively, and $15.5 million and $11.1 million for the six months ended June 30, 2015 and 2014, respectively.

10. Goodwill and Intangible Assets, Net

The carrying value of goodwill as of June 30, 2015 and December 31, 2014, was $134.9 million and $142.2 million, respectively. See Note 3 "Acquisitions and Divestitures" for discussion regarding the change in goodwill from December 31, 2014 to June 30, 2015. Goodwill as of June 30, 2015 consisted of $118.6 million and $16.3 million related to our Gathering and Processing and Terminal segments, respectively. Goodwill as of December 31, 2014 consisted of $125.9 million and $16.3 million related to our Gathering and Processing and Terminal segments, respectively.

The goodwill associated with our Gathering and Processing segment relates to the Costar and Lavaca Acquisitions and primarily represent strategic developmental locations to grow the business within the segment. The goodwill associated with our Terminal segment was contributed to the Partnership as part of the Partnerships' acquisition of Blackwater Midstream Holdings LLC ("Blackwater") and other related subsidiaries from an affiliate of HPIP (the "Blackwater Acquisition"). Goodwill was recorded as

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a result of the excess of the investment by an affiliate of HPIP in Blackwater over the fair market value of the identifiable net assets and customer contracts acquired.

Intangible assets, net, consists of customer contracts, relationships and dedicated acreage agreements identified as part of the Costar Acquisition, Lavaca Acquisition and Blackwater Acquisition. These intangible assets have definite lives and are subject to amortization on a straight-line basis over their economic lives, currently ranging from 5 months to thirty years. Intangible assets, net, consist of the following (in thousands):

	June 30, 2015	December 31, 2014
Gross carrying amount:		
Customer contracts	$12,101	$12,101
Customer relationships	53,400	53,400
Dedicated acreage	53,350	53,350
	$118,851	$118,851
Accumulated amortization:		
Customer contracts	$(12,013)	$(11,110)
Customer relationships	(1,815)	(553)
Dedicated acreage	(1,795)	(882)
	$(15,623)	$(12,545)
Net carrying amount:		
Customer contracts	$88	$991
Customer relationships	51,585	52,847
Dedicated acreage	51,555	52,468
	$103,228	$106,306

Amortization expense on our intangible assets totaled $1.5 million and $1.2 million for the three months ended June 30, 2015 and 2014, respectively, and $3.1 million and $2.1 million for the six months ended June 30, 2015 and 2014, respectively.

11. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities were as follows (in thousands):

	June 30, 2015	December 31, 2014
Accrued capital expenditures	$8,225	$17,134
Accrued expenses	5,587	7,036
Gas imbalances payable	895	1,069
Other	3,850	561
	$18,557	$25,800

12. Debt Obligations

Our outstanding borrowings under the credit facility were (in thousands):

	June 30, 2015	December 31, 2014
Revolving credit facility	$387,100	$372,950
Other debt	737	2,908
Total debt	387,837	375,858

Less: current portion	737	2,908
Long-term debt	$387,100	$372,950

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On September 5, 2014, the Partnership entered into an amended and restated credit agreement (the "Credit Agreement"), which provides for a maximum borrowing equal to $500.0 million, with the ability to further increase the borrowing capacity subject to lender approval. We can elect to have loans under our Credit Agreement bear interest either at a Eurodollar-based rate plus a margin ranging from 2.00% to 3.25% depending on our total leverage ratio then in effect, or a base rate which is a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus 0.50%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate”, or (c) the Eurodollar Rate plus 1.00% plus a margin ranging from 1.00% to 2.25% depending on the total leverage ratio then in effect. We also pay a commitment fee of 0.50% per annum on the undrawn portion of the revolving loan.

Our obligations under the Credit Agreement are secured by a first mortgage in favor of the lenders in the majority of our real property. Advances made under the Credit Agreement are guaranteed on a senior unsecured basis by certain of our subsidiaries (the “Guarantors”). These guarantees are full and unconditional and joint and several among the Guarantors. The terms of the Credit Agreement include covenants that restrict our ability to make cash distributions and acquisitions in some circumstances. The remaining principal balance of loans and any accrued and unpaid interest will be due and payable in full on the maturity date, which is September 5, 2019.

The Credit Agreement contains certain financial covenants, including the requirement that our indebtedness not exceed 4.75 times adjusted consolidated EBITDA (except for the current and subsequent two quarters after the consummation of a permitted acquisition, at which time the covenant is increased to 5.25 times adjusted Consolidated EBITDA) and a minimum interest coverage ratio test (not less than 2.50). The financial covenants in our Credit Agreement may limit the amount available to us for borrowing to less than $500.0 million. In addition to the financial covenants described above, the Credit Agreement also contains customary representations and warranties (including those relating to organization and authorization, compliance with laws, absence of defaults, material agreements and litigation) and customary events of default (including those relating to monetary defaults, covenant defaults, cross defaults and bankruptcy events).

For the six months ended June 30, 2015 and 2014, the weighted average interest rate on borrowings under the Credit Agreement was approximately 3.90% and 4.18%, respectively.

As of June 30, 2015, our consolidated total leverage was 5.00 and our interest coverage ratio was 8.48, which were in compliance with the consolidated total leverage ratio and interest coverage ratio tests in accordance with the financial covenants required in the Credit Agreement. At June 30, 2015 and December 31, 2014, letters of credit outstanding under the Credit Agreement were $1.6 million.

Other debt

Other debt represents insurance premium financing in the original amount of $3.3 million bearing interest at 3.95% per annum, which is repayable in equal monthly installments of approximately $0.4 million through the third quarter of 2015.

13. Partners’ Capital and Convertible Preferred Units

Our capital accounts are comprised of approximately 1.2% notional general partner interests and 98.8% limited partner interests. Our limited partners have limited rights of ownership as provided for under our partnership agreement and the right to participate in our distributions. Our General Partner manages our operations and participates in our distributions, including certain incentive distributions pursuant to the incentive distribution rights that are non-voting limited partner rights held by our General Partner.

Our General Partner holds and participates in the distribution of Series B Units with such distributions being made in cash or with paid-in-kind Series B Units at the election of the Partnership. The holders of Series B Units are entitled to vote along with the holders of Limited Partner common units and such units will automatically convert to Limited Partner common units on January 31, 2016.

HPIP holds and participates in the distribution of Series A-1 Units with such distributions being made in paid-in-kind Series A-1 Units, cash or a combination thereof, at the election of the board of directors of our General Partner through the distribution for the earlier of (a) the quarter ended March 31, 2016 or (b) the time in which the Series A-1 Units are converted into common units. The Series A-1 Units are entitled to vote along with Limited Partner common unitholders and such units are currently convertible to Limited Partner common units.

Series A-2 Units

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On March 30, 2015 and June 30, 2015, we entered into two Series A-2 Convertible Preferred Unit Purchase Agreements with Magnolia Infrastructure Partners, LLC (an affiliate of HPIP) pursuant to which the Partnership issued, in separate private placements, newly-designated Series A-2 Units (the “Series A-2 Units”) representing limited partnership interests in the Partnership. As a result, the Partnership issued a total of 2,571,430 Series A-2 Units for approximately $45.0 million in aggregate proceeds during the six months ended. The Series A-2 Units will participate in distributions of the Partnership along with common units in a manner identical to the existing Series A Units (such previously existing Series A Units now referred to as the "Series A-1 Units" and, together with the Series A-2 Units, the "Series A Units"), with such distributions being made in cash or with paid-in-kind Series A Units at the election of the board of directors of our General Partner. The board of directors of our General Partner has, to date, elected to pay Series A distributions using paid-in-kind Series A Units.

On July 27, 2015, we entered into the Fifth Amendment (the “Fifth Amendment”) to our partnership agreement. The Fifth Amendment grants us the right (the “Call Right”) to require the holders of the Series A-2 Units (the “Series A-2 Holders”) to sell, assign and transfer all or a portion of the then outstanding Series A-2 Units to us for a purchase price of $17.50 per Series A-2 Unit (subject to appropriate adjustment for any equity distribution, subdivision or combination of equity interests in the Partnership). We may exercise the Call Right at any time after January 1, 2016, in connection with our or our affiliate’s acquisition of assets or equity from ArcLightEnergy Partners Fund V, L.P., or one of its affiliates, for a purchase price in excess of $100 million. We may not exercise the Call Right with respect to any Series A-2 Units that a Series A-2 Holder has elected to convert into common units on or prior to the date we have provided notice of our intent to exercise the Call Right, and may not exercise the Call Right if doing so would result in a default under any of our or our affiliates’ financing agreements or obligations.

Equity Offerings

On January 29, 2014, the Partnership and certain of its affiliates entered into an underwriting agreement with Barclays Capital Inc. and UBS Securities LLC (the “Underwriters”), providing for the issuance and sale by the Partnership, and the purchase by the Underwriters, of 3,400,000 Limited Partner common units representing limited partner interests in the Partnership at a price to the public of $26.75 per common unit. The Partnership used the net proceeds of $86.9 million to fund a portion of the Lavaca Acquisition.

Issuance and Exercise of Warrant

Effective February 5, 2014, we issued to AIM Midstream Holdings, LLC a warrant to purchase up to 300,000 Limited Partner common units of the Partnership at an exercise price of $0.01 per common unit (the “Warrant”). The Warrant was exercised on February 21, 2014, resulting in the issuance of approximately 300,000 Limited Partner common units. The value of the Warrant of $7.2 million was determined based on the close price of $23.89 of the Limited Partner common units on the exercise date.

Equity Outstanding

The number of units outstanding as of June 30, 2015 and December 31, 2014, respectively, were as follows (in thousands):

	June 30, 2015	December 31, 2014
Series A convertible preferred units	8,682	5,745
Series B convertible units	1,301	1,255
Limited Partner common units	22,757	22,670
General Partner units	411	392

Distributions

We made cash distributions as follows (in thousands):

	Three months ended June 30,		Six months ended June 30,	
	2015	2014	2015	2014
Series A convertible preferred units	—	1,338	—	2,658
Limited Partner common units	10,753	5,152	21,466	10,049
General Partner units	159	76	317	148
General Partners' incentive distribution rights	1,293	527	2,581	937
	$12,205	$7,093	$24,364	$13,792

The Partnership executed a fourth amendment to its partnership agreement (the "Fourth Amendment"), which became effective March 30, 2015, related to its outstanding Series A Units. As a result of the Fourth Amendment, distributions on Series A Units will be made with paid-in-kind Series A Units, cash or a combination thereof, at the discretion of the board of directors of our General Partner, which began with the distribution for the three months ended June 30, 2014 and will continue through the distribution for the earlier of (a) the quarter ended March 31, 2016 or (b) the time in which the Series A-1 Units are converted into common units. At June 30, 2015, we have accrued $4.2 million for the paid-in-kind Series A Units. The distributions will be made in the third quarter of 2015.

Net Income (Loss) attributable to Limited Partner Common Units

Net income (loss) is allocated to the General Partner and the limited partners in accordance with their respective ownership percentages, after giving effect to contractual distributions on Series A Units, declared distributions on the Series B Units, common units representing Limited Partner interests and to the General Partner units, including incentive distribution rights. Unvested unit-based payment awards that contain non-forfeitable rights to distributions (whether paid or unpaid) are classified as participating securities and are included in our computation of basic and diluted net income per limited partner unit. Basic and diluted net income (loss) per limited partner unit is calculated by dividing limited partners’ interest in net income (loss) by the weighted average number of outstanding Limited Partner common units during the period. We determined bas