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 September 30, 2011

or

o 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: 001-35172

NGL Energy Partners LP

(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	**27-3427920** (I.R.S. Employer Identification No.)
6120 South Yale Avenue **Suite 805** **Tulsa, Oklahoma** (Address of Principal Executive Offices)	**74136** (Zip code)

(918) 481-1119

(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 x No o

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 (Section 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 x No o

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 o	Accelerated filer o
Non-accelerated filer x	Smaller reporting company o

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

As of November 11, 2011, there were 21,796,253 common units and 5,919,346 subordinated units issued and outstanding.

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Forward-Looking Statements

This quarterly report on Form 10-Q contains various forward-looking statements and information that are based on our beliefs and those of our general partner, as well as assumptions made by and information currently available to us. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. When used in this quarterly report, words such as anticipate, project, expect, plan, goal, forecast, estimate, intend, could, believe, may, will and similar expressions and statements regarding our p for future operations, are intended to identify forward-looking statements. Although we and our general partner believe that the expectations on which such forward-looking statements are based are reasonable, neither we nor our general partner can give assurances that such expectations will prove to be correct. Forward-looking statements are subject to a variety of risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those anticipated, estimated, projected or expected. Among the key risk factors that may have a direct bearing on our results of operations and financial condition are:

- the prices and market demand for propane;
- energy prices generally;
- the price of propane compared to the price of alternative and competing fuels;
- the general level of petroleum product demand and the availability of propane supplies;
- the level of domestic oil, propane and natural gas production;
- the availability of imported oil and natural gas;
- the ability to obtain adequate supplies of propane for retail sale in the event of an interruption in supply or transportation and the availability of capacity to transport propane to market areas;
- actions taken by foreign oil and gas producing nations;

- the political and economic stability of petroleum producing nations;
- the effect of weather conditions on demand for oil, natural gas and propane;
- availability of local, intrastate and interstate transportation infrastructure;
- availability and marketing of competitive fuels;
- the impact of energy conservation efforts;
- energy efficiencies and technological trends;
- governmental regulation and taxation;

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- hazards or operating risks incidental to the transporting and distributing of propane that may not be fully covered by insurance;
- the maturity of the propane industry and competition from other propane distributors;
- loss of key personnel;
- the fees we charge and the margins we realize for our terminal services;
- the nonpayment or nonperformance by our customers;
- the availability and cost of capital and our ability to access certain capital sources;
- a deterioration of the credit and capital markets;
- the ability to successfully identify and consummate strategic acquisitions at purchase prices that are accretive to our financial results and to successfully integrate acquired assets and businesses;
- changes in laws and regulations to which we are subject, including tax, environmental, transportation and employment regulations or new interpretations by regulatory agencies concerning such laws and regulations; and
- the costs and effects of legal and administrative proceedings.

You should not put undue reliance on any forward-looking statements. All forward-looking statements speak only as of the date of this quarterly report. Except as required by state and federal securities laws, we undertake no obligation to publicly update or revise any forward-looking statements as a result of new information, future events, or otherwise. When considering forward-looking statements, please review the risks described under Item 1A Risk Factors of this quarterly report and Item 1A Risk Factors in our annual report on Form 10-K for the fiscal year ended March 31, 2011.

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PART I

Item 1. **Financial Statements (Unaudited)**

NGL ENERGY PARTNERS LP

Unaudited Condensed Consolidated Balance Sheets

As of September 30, 2011 and March 31, 2011

(U.S. Dollars in Thousands)

	September 30, 2011	March 31, 2011 (Note 3)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 8,403	$ 16,337
Accounts receivable - trade, net of allowance for doubtful accounts of $163 and $161, respectively	55,058	44,346
Accounts receivable - affiliates	92	
Inventories	107,285	12,697
Product exchanges	668	427
Prepaid expenses and other current assets	2,612	3,683
Total current assets	174,118	77,490
PROPERTY, PLANT AND EQUIPMENT, net of accumulated depreciation of $5,347 and $2,871, respectively	66,405	66,020
GOODWILL	9,118	8,568
INTANGIBLE ASSETS, net of accumulated amortization of $3,062 and $1,558, respectively	12,632	11,755
Total assets	$ 262,273	$ 163,833
LIABILITIES AND PARTNERS EQUITY		
CURRENT LIABILITIES:		
Trade accounts payable	$ 62,736	$ 37,244
Accrued expenses and other payables	4,712	3,711
Product exchanges	10,142	1,045
Advance payments received from customers	33,131	7,714
Current maturities of long-term debt	40,647	830
Total current liabilities	151,368	50,544
LONG-TERM DEBT, net of current maturities	10,090	65,541
OTHER NON-CURRENT LIABILITIES	50	395
COMMITMENTS AND CONTINGENCIES		
PARTNERS EQUITY, per accompanying statement:		
General Partner 0.1% interest; 14,799 and 10,945 notional units outstanding, respectively	138	72

Limited Partners 99.9% interest				
Common units 8,864,222 and 10,933,568 units outstanding, respectively		81,834		47,225
Subordinated units 5,919,346 and no units outstanding, respectively		18,793		
Accumulated other comprehensive income Foreign currency translation				56
Total partners equity		100,765		47,353
Total liabilities and partners equity	$	262,273	$	163,833

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

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NGL ENERGY PARTNERS LP

AND NGL SUPPLY, INC.

Unaudited Condensed Consolidated Statements of Operations

Three Months and Six Months Ended September 30, 2011 and 2010

(U.S. Dollars in Thousands, except per unit and per share amounts)

	NGL Energy Partners LP Three Months Ended September 30, 2011	NGL Supply, Inc. Three Months Ended September 30, 2010	NGL Energy Partners LP Six Months Ended September 30, 2011	NGL Supply, Inc. Six Months Ended September 30, 2010
REVENUES:				
Retail propane	$ 19,225	$ 4,727	$ 32,077	$ 6,868
Wholesale supply and marketing	190,130	151,295	367,627	309,029
Midstream	686	629	1,182	1,046
Total Revenues	210,041	156,651	400,886	316,943
COST OF SALES:				
Retail propane	13,208	3,393	21,314	4,749
Wholesale supply and marketing	188,144	149,199	365,913	305,965
Midstream	102	101	200	194
Total Cost of Sales	201,454	152,693	387,427	310,908
Gross Margin	8,587	3,958	13,459	6,035
OPERATING COSTS AND EXPENSES:				
Operating	7,250	2,667	14,392	5,231
General and administrative	4,164	2,105	6,200	3,210
Depreciation and amortization	1,701	674	3,078	1,389
Operating Loss	(4,528)	(1,488)	(10,211)	(3,795)
OTHER INCOME (EXPENSE):				
Interest income	99	25	225	66
Interest expense	(1,012)	(300)	(2,313)	(372)
Other, net	46	19	131	124
Loss Before Income Taxes	(5,395)	(1,744)	(12,168)	(3,977)
INCOME TAX BENEFIT		627		1,417
Net Loss	(5,395)	(1,117)	(12,168)	(2,560)
Net Loss Allocated to General Partner	5		12	
Net Loss Attributable to Noncontrolling Interest		16		45

Net Loss Allocable to Limited Partners or Attributable to Parent Equity	$ (5,390)	$ (1,101)	$ (12,156)	$ (2,515)
Basic and Diluted Earnings Per Common Unit or Share	$ (0.36)	$ (55.86)	$ (0.88)	$ (128.46)
Basic and Diluted Earnings per Subordinated Unit	$ (0.36)		$ (0.88)	
Basic Weighted average units outstanding:				
Common	8,864,222		9,370,997	
Subordinated	5,919,346		4,431,423	
Weighted average common shares outstanding:				
Basic		19,711		19,711
Diluted		19,711		19,711

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

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NGL ENERGY PARTNERS LP

AND NGL SUPPLY, INC.

Unaudited Condensed Consolidated Statements of Comprehensive Loss

Three Months and Six Months Ended September 30, 2011 and 2010

(U.S. Dollars in Thousands)

	NGL Energy Partners LP Three Months Ended September 30, 2011	NGL Supply, Inc. Three Months Ended September 30, 2010	NGL Energy Partners LP Six Months Ended September 30, 2011	NGL Supply, Inc. Six Months Ended September 30, 2010
Net loss	$ (5,395)	$ (1,117)	$ (12,168)	$ (2,560)
Other comprehensive income net of tax:				
Change in foreign currency translation adjustment	(61)	(32)	(56)	(15)
Comprehensive loss	$ (5,456)	$ (1,149)	$ (12,224)	$ (2,575)

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

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NGL ENERGY PARTNERS LP

Unaudited Condensed Consolidated Statement of Changes in Partners Equity

Six Months Ended September 30, 2011

(U.S. Dollars in Thousands)

	General Partner	Limited Partners Common Units	Limited Partners Amount	Limited Partners Subordinated Units	Limited Partners Amount	Accumulated Other Comprehensive Income	Total Partners Equity
BALANCES, March 31, 2011	$ 72	10,933,568	$ 47,225		$	$ 56	$ 47,353
Distribution to partners ($0.35 per unit)	(4)		(3,846)				(3,850)
Conversion of common units to subordinated units		(5,919,346)	(23,485)	5,919,346	23,485		
Sale of units in public offering, net		4,025,000	75,289				75,289
Repurchase of common units		(175,000)	(3,418)				(3,418)
General partner contribution	85						85
Net loss	(12)		(8,452)		(3,704)		(12,168)
Distribution to partners ($0.1669 per unit)	(3)		(1,479)		(988)		(2,470)
Foreign currency translation adjustment						(56)	(56)
BALANCES, September 30, 2011	$ 138	8,864,222	$ 81,834	5,919,346	$ 18,793	$	$ 100,765

The accompanying notes are an integral part of this condensed consolidated financial statement.

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NGL ENERGY PARTNERS LP

AND NGL SUPPLY, INC.

Unaudited Condensed Consolidated Statements of Cash Flows

Six Months Ended September 30, 2011 and 2010

(U.S. Dollars in Thousands)

	NGL Energy Partners LP Six Months Ended September 30, 2011	NGL Supply, Inc. Six Months Ended September 30, 2010
OPERATING ACTIVITIES:		
Net loss	$ (12,168)	$ (2,560)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,133	1,825
Deferred income tax benefit		(1,417)
Bad debt provision	109	3
Commodity derivative gain	(465)	(226)
Gain on sale of assets	(46)	(124)
Other	79	8
Changes in operating assets and liabilities, net of acquisitions		
Accounts receivable	(10,821)	203
Inventories	(94,588)	(59,598)
Product exchanges, net	8,856	18,688
Prepaid expenses and other current assets	209	(1,023)
Accounts payable	25,492	(3,741)
Accrued expenses and other payables	1,001	(2,699)
Advance payments received from customers	25,417	19,912
Net cash used in operating activities	(52,792)	(30,749)
INVESTING ACTIVITIES:		
Purchases of long-lived assets	(2,094)	(280)
Cash paid for acquisitions of businesses	(2,190)	(123)
Cash flows from commodity derivatives	1,327	426
Proceeds from sales of assets	182	185
Advances to affiliates	(92)	
Collection of notes receivable		125
Net cash provided by (used in) investing activities	(2,867)	333
FINANCING ACTIVITIES:		
Proceeds from sale of common units, net of offering costs	75,289	
Repurchase of common units	(3,418)	
General partner contributions	85	
Proceeds from borrowings under revolving credit facility	98,000	34,490
Payments on revolving credit facility	(113,000)	(13,590)
Payments on other long-term debt	(979)	(722)
Debt issuance costs	(1,932)	
Distributions to partners	(6,320)	

Preferred stock redemption		(3,000)
Common stock dividends ($357 per share)		(7,000)
Preferred stock dividends		(17)
Net cash provided by financing activities	47,725	10,161
Net decrease in cash and cash equivalents	(7,934)	(20,255)
Cash and cash equivalents, beginning of period	16,337	24,238
Cash and cash equivalents, end of period	$ 8,403	$ 3,983

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

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NGL ENERGY PARTNERS LP

AND NGL SUPPLY, INC.

Notes to Unaudited Condensed Consolidated Financial Statements

As of September 30, 2011 and March 31, 2011 and for the Three Months and the Six Months Ended September 30, 2011 and 2010

Note 1 - Organization and Operations

NGL Energy Partners LP (we or the Partnership) is a Delaware limited partnership formed in September 2010 to own and, through its subsidiaries, operate retail and wholesale propane and other natural gas liquids businesses that historically were owned and operated by NGL Supply, Inc. (NGL Supply), Hicks Oils and Hicksgas, Incorporated (HOH) and Hicksgas Gifford, Inc. (Gifford). We refer to HOH and Gifford collectively as Hicksgas. We had no operations prior to September 30, 2010.

NGL Supply was determined to be the acquirer in our formation transactions effected in October 2010. NGL Supply was organized on July 1, 1985 as a successor to a company founded in 1967, and was a diversified, vertically integrated provider of propane services including retail propane distribution; wholesale supply and marketing of propane and other natural gas liquids; and midstream operations consisting of propane terminal operations and services. As discussed in Note 3, in October 2010, we also acquired the retail propane businesses of Hicksgas located in Indiana and Illinois.

Our retail propane segment sells propane and propane-related products and services to residential, commercial and agricultural customers in Indiana, Illinois, Kansas and Georgia.

Our wholesale supply and marketing segment provides propane and other natural gas liquids to customers at open-access terminals throughout the common carrier pipeline systems in the Mid-Continent, Gulf Coast and Northeast regions of the United States. Our wholesale supply and marketing services include shipping and maintaining storage on these pipeline systems and supplying customers through terminals, refineries, third-party and leased tank cars and truck terminals. Our wholesale customers include various refineries, multistate marketers ranging in size from national and regional distribution companies to medium and small independent propane companies located throughout the country.

In our midstream segment, we provide propane terminal services to customers through our three proprietary terminals located in East St. Louis, Illinois; Jefferson City, Missouri; and St. Catharines, Ontario, Canada.

Note 2 - Significant Accounting Policies

Basis of Presentation

The condensed consolidated financial statements as of and for the three months and six months ended September 30, 2011 include our accounts and all of our direct and indirect subsidiaries. All significant intercompany transactions and account balances have been eliminated in consolidation. The condensed consolidated financial statements for the three months and six months ended September 30, 2010 represent the financial statements of NGL Supply.

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NGL ENERGY PARTNERS LP

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Notes to Unaudited Condensed Consolidated Financial Statements

As of September 30, 2011 and March 31, 2011 and for the

Three Months and the Six Months Ended September 30, 2011 and 2010

The accompanying condensed consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim consolidated financial information and in accordance with the rules and regulations of the Securities and Exchange Commission (SEC). The condensed consolidated financial statements include all adjustments that we consider necessary for a fair statement of the financial position and results of operations for the interim periods presented. Such adjustments consist only of normal recurring items, unless otherwise disclosed herein. Accordingly, the condensed consolidated financial statements do not include all the information and footnotes required by GAAP for complete annual consolidated financial statements. However, we believe that the disclosures made are adequate to make the information not misleading. These interim unaudited condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the fiscal year ended March 31, 2011, included in our Annual Report on Form 10-K. Due to the seasonal nature of our operations, the results of operations for interim periods are not necessarily indicative of the results to be expected for a full year.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Significant Accounting Policies

Our significant accounting policies are consistent with those disclosed in Note 2 of the Notes to Consolidated Financial Statements in our audited consolidated financial statements for the year ended March 31, 2011 included in our Annual Report on Form 10-K.

Revenue Recognition

Our revenue is primarily generated by the sale of propane and other natural gas liquids and propane-related parts, fittings and appliances in the United States and by services and rentals provided by our retail propane, wholesale supply and marketing, and terminal operations in the United States and Canada.

We accrue our revenues from propane and other natural gas liquids sales and propane-related sales at the time title to the product transfers to the purchaser, which typically occurs upon receipt of the product by the purchaser or installation of the appliance or rental equipment. We record our terminalling, storage and propane service revenues at the time the service is performed and tank and other rentals over the term of the lease. We record product purchases at the time title to the product transfers to us, which typically occurs upon receipt of the product. We present revenue-related taxes collected from customers and remitted to taxing authorities, principally sales and use taxes, on a net basis.

We consider two or more legally separate exchange transactions with the same counterparty,

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NGL ENERGY PARTNERS LP

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Three Months and the Six Months Ended September 30, 2011 and 2010

including buy/sell transactions, as a single arrangement on a combined basis. Our buy/sell transactions are netted against each other in the consolidated statements of operations with no effect on net income.

Fair Value Measurements

We apply fair value measurements to certain assets and liabilities, principally our commodity and interest rate derivative instruments and assets and liabilities acquired in a business combination. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. Fair value should be based upon assumptions that market participants would use when pricing an asset or liability, including assumptions about risk and risks inherent in valuation techniques and inputs to valuations. This includes not only the credit standing of counterparties and credit enhancements but also the impact of our own nonperformance risk on our liabilities. GAAP requires fair value measurements to assume that the transaction occurs in the principal market for the asset or liability or in the absence of a principal market, the most advantageous market for the asset or liability (the market for which the reporting entity would be able to maximize the amount received or minimize the amount paid). We evaluate the need for credit adjustments to our derivative instrument fair values in accordance with the requirements noted above.

We use the following fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets and liabilities that we have the ability to access at the measurement date. We did not have any fair value measurements categorized as Level 1 at September 30, 2011 or March 31, 2011.

- Level 2 Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived from observable market data by correlation or other means. Instruments categorized in Level 2 include non-exchange traded derivatives such as over-the-counter commodity price swap and option contracts and interest rate protection agreements. All of our derivative financial instruments and our product exchange assets and liabilities were categorized as Level 2 at September 30, 2011 and March 31, 2011 (see Note 11). We determine the fair value of all our derivative financial instruments utilizing pricing models for significantly similar instruments. Inputs to the pricing models include publicly available prices and forward curves generated from a compilation of data gathered from third parties.

- Level 3 Unobservable inputs for the asset or liability including situations where there is little, if any, market activity for the asset or liability. We did not have any

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derivative financial instruments or other assets or liabilities categorized as Level 3 at September 30, 2011 or March 31, 2011.

The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). In some cases, the inputs to measure fair value might fall into different levels of the fair value hierarchy. The lowest level input that is significant to a fair value measurement in its entirety determines the applicable level in the fair value hierarchy. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

Supplemental Cash Flow Information

Supplemental cash flow information is as follows for the periods indicated:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2011	2010	2011	2010
	(in thousands)		(in thousands)	
SUPPLEMENTAL CASH FLOW DISCLOSURE:				
Interest paid	$ 183	$ 236	$ 860	$ 335
Income taxes paid	$	$ 220	$	$ 220

Cash flows from commodity derivative instruments that are not accounted for as hedges are classified as cash flows from investing activities in the consolidated statements of cash flows.

Account Details

Inventories consist of the following:

	September 30, 2011	March 31, 2011
	(in thousands)	
Propane	$ 103,261	$ 9,529
Other	4,024	3,168
	$ 107,285	$ 12,697

Recent Accounting Developments

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04 Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in GAAP and IFRS. The amendments in ASU 2011-04 result in common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards (IFRS). The new guidance applies to all reporting entities that are required or permitted to measure or disclose the fair value of an asset, liability or an instrument classified in shareholders equity. Among other things, the new guidance requires quantitative information about unobservable inputs, valuation processes and sensitivity analysis associated with fair value measurements categorized within Level 3 of the fair value hierarchy. The new guidance is effective

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during interim and annual periods beginning after December 15, 2011and is required to be applied on a prospective basis. We do not believe that the adoption of ASU 2011-04 will have a material impact on our results of operations or financial condition.

In November 2008, the SEC released a proposed roadmap regarding the potential use by U.S. issuers of financial statements prepared in accordance with International Financial Reporting Standards (IFRS). IFRS represent accounting standards published by the International Accounting Standards Board (the IASB), which is based in London, England. In February 2010, the SEC expressed its continuing support for a single set of high-quality globally accepted accounting standards and established a general work plan that sets forth areas and factors the SEC will consider before requiring domestic public companies to transition to IFRS. Currently, the FASB and the IASB are working individually and jointly on a number of accounting standard convergence projects that, if finalized in 2011, would bring about a significant shift in the accounting and financial reporting landscape. These projects include a broad range of topics such as financial statement presentation, accounting for leases, revenue recognition, financial instruments, consolidations and fair value measurements.

The SEC expects to make a determination in 2011 regarding the mandatory adoption of IFRS, with the expectation that any decision to adopt IFRS will allow U.S. issuers a number of years to transition from current GAAP. We continue to monitor developments regarding the potential implementation of IFRS and the ongoing convergence projects of the FASB and IASB. We will evaluate the impact that any definitive accounting guidance may have on our financial statements once this information is finalized by the appropriate standard setting organizations, including the SEC.

Note 3 Acquisitions

Fiscal 2012

Osterman

On August 15, 2011, we entered into a business combination agreement with E. Osterman Propane, Inc., its affiliated companies and members of the Osterman family (collectively, Osterman) for retail propane operations in the northeastern United States in order to expand our retail propane operations. The agreement closed on October 3, 2011 and was funded with cash of $96 million and the issuance of 4 million common units, and also contemplates a working capital payment post closing for certain specified working capital items that might be payable to the

Partnership or Osterman. The cash payments were funded with advances under our acquisition facility. We incurred and charged to general and administrative expense through September 30, 2011 $530,000 of costs incurred in connection with the Osterman transaction that cannot be capitalized under GAAP.

We will include the results of Osterman s operations in our consolidated financial statements beginning October 3, 2011. We have valued the 4 million limited partner common units at $20.47 per unit, the closing price of our common units on the closing date. We have not completed the

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initial accounting for the business combination. We are in the process of identifying, and obtaining an independent appraisal of, the fair value of the assets acquired in the combination. We expect to complete this process prior to our year end of March 31, 2012.

SemStream

On August 31, 2011, we entered into a business combination agreement with SemStream, L.P. (SemStream   ). We closed the SemStream transaction on November 1, 2011. We entered into this business combination in order to expand our midstream and wholesale supply and marketing operations. SemStream contributed substantially all of its natural gas liquids business and assets to us in exchange for 8,932,031 of our limited partner common units and a cash payment of approximately $93 million, which we funded with $10 million from our acquisition facility and $83 million from our working capital facility.

The agreement also contemplates a working capital payment post closing for certain specified working capital items that might be payable to the Partnership or SemStream. In addition, in exchange for a cash contribution, SemStream acquired a 7.5% interest in our general partner.

The assets comprise 12 natural gas liquids terminals in Arizona, Arkansas, Indiana, Minnesota, Missouri, Montana, Washington and Wisconsin, 12 million gallons of above ground propane storage, 3.7 million barrels of underground leased storage for natural gas liquids and a rail fleet of approximately 350 leased and 12 owned cars and approximately $100 million of natural gas liquids inventory.

We incurred and charged to general and administrative expense through September 30, 2011 approximately $539,000 of costs related to the SemStream transaction that cannot be capitalized under GAAP.

We will include the results of SemStream   s operations in our consolidated financial statements beginning November 1, 2011. We have valued the 8.9 million limited partner common units at $21.07 per unit, the closing price of our common units on the closing date. We have not completed the initial accounting for the business combination. We are beginning the process of identifying, and obtaining an independent appraisal of, the fair value of the assets acquired in the business combination and the fair value of the 7.5% interest in our general partner. We expect to complete this process prior to our year end of March 31, 2012.

Other

During the three months ended September 30, 2011, we acquired certain retail propane operations in Kansas for a total payment of $2.1 million. These operations have been included in our results of operations since July 2011, and have not been significant through September 30, 2011.

During the six months ended September 30, 2011, we incurred and charged to general and administrative expenses approximately $105,000 of other acquisition-related costs that cannot be capitalized under GAAP.

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As discussed in Note 1, we purchased the retail propane operations of Hicksgas in October 2010 as part of our formation transactions. The following table presents the final allocation of the acquisition cost to the assets acquired and liabilities assumed, based on their fair values, in the acquisition of the retail propane businesses of Hicksgas described above (in thousands):

	Final Allocation	Estimated Allocation as of March 31, 2011	Revision
Accounts receivable	$ 5,669	$ 6,156	$ (487)
Inventory	6,182	6,229	(47)
Prepaid expenses and other current assets	2,600	2,604	(4)
	14,451	14,989	(538)
Property, plant, and equipment:			
Land	2,666		2,666
Tanks and other retail propane equipment (15 year life)	23,016	22,213	803
Vehicles (5 year life)	6,599	6,173	426
Buildings (30 year life)	7,053	6,241	812
Office equipment (5 year life)	523	1,264	(741)
Amortizable intangible assets:			
Customer relationships (15 year life)	2,170	3,278	(1,108)
Non-compete agreements (5 year life)	550	868	(318)
Tradenames (indefinite-life intangible asset)	830		830
Goodwill (Retail propane segment)	3,716	7,756	(4,040)
Total assets acquired	61,574	62,782	(1,208)
Accounts payable	1,837	2,777	(940)
Customer advances and deposits	12,089	12,063	26
Accrued and other current liabilities	2,152	2,203	(51)
	16,078	17,043	(965)
Long-term debt	5,768	5,768	
Other long-term liabilities	274	517	(243)
Total liabilities assumed	22,120	23,328	(1,208)
Net assets acquired	$ 39,454	$ 39,454	$

The Hicksgas acquisition accounting was based on the estimated fair value of the assets acquired and liabilities assumed, based primarily on an independent appraisal completed in July 2011. The revisions indicated above were recorded during the three months ended June 30, 2011, on a retrospective basis as an adjustment to the March 31, 2011 carrying amounts. The impact of such revisions on net income for prior periods was not significant.

Goodwill was warranted because these acquisitions enhance our current retail propane operations. We expect all of the goodwill acquired to be deductible for income tax purposes (see

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Note 8). We do not believe that the acquired finite-lived intangible assets will have any significant residual value at the end of their useful life.

The total acquisition cost was $39.5 million, consisting of cash of approximately $17.2 million and the issuance of 4,154,757 common units valued at approximately $22.3 million. The units issued to the shareholders of HOH in the formation transaction were valued at $5.37 per unit, the price paid for common units issued in our formation.

Pro Forma Results of Operations

The operations of Hicksgas have been included in our statements of operations since they were acquired in October 2010. The following unaudited pro forma consolidated results of operations for the three months and six months ended September 30, 2010 are presented as if the Hicksgas acquisitions had been made, and our initial public offering, unit split and unit conversion (see Note 10) had been completed, on April 1, 2010. The pro forma earnings per unit are based on the common and subordinated units outstanding as of September 30, 2011.

	Three Months Ended September 30, 2010	Six Months Ended September 30, 2010
	(in thousands)	
Revenues	$ 169,397	$ 336,921
Net loss	(3,173)	(8,558)
Limited partners interest in net loss	(3,170)	(8,549)
Basic and diluted earnings per Common Unit	(0.21)	(0.58)
Basic and diluted earnings per Subordinated Unit	(0.21)	(0.58)

The pro forma consolidated results of operations include adjustments to give effect to depreciation on the step-up of property, plant and equipment, amortization of intangible assets, use of the proceeds from our offering to pay debt issued to finance the acquisition and certain other adjustments. The pro forma information is not necessarily indicative of the results of operations that would have occurred had the transactions been made at the beginning of the period presented or the future results of the combined operations.

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Note 4 Earnings per Common Unit or Common Share

Our earnings per common and subordinated unit or per share of common stock for the periods indicated below were computed as follows:

	Three Months Ended September 30, 2011	Three Months Ended September 30, 2010	Six Months Ended September 30, 2011	Six Months Ended September 30, 2010
	(dollars in thousands, except per unit or share amounts)			
Earnings per Limited Partner Unit or Common Stock:				
Net loss or net loss to the parent equity	$ (5,395)	$ (1,101)	$ (12,168)	$ (2,515)
Loss allocable to general partner	5		12	
Preferred stock dividends				(17)
Net loss allocable to limited partners or common shareholders	$ (5,390)	$ (1,101)	$ (12,156)	$ (2,532)
Weighted average common units or common shares outstanding - Basic and Diluted	8,864,222	19,711	9,370,997	19,711
Weighted average subordinated units outstanding - Basic and Diluted	5,919,346		4,431,423	
Earnings per common unit or common share - Basic and Diluted	$ (0.36)	$ (55.86)	$ (0.88)	$ (128.46)
Earnings per subordinated unit - Basic and Diluted	$ (0.36)		$ (0.88)	

In the computation of diluted earnings per common share of NGL Supply for the three and six months ended September 30, 2010, the impact of the outstanding stock options prior to exercise (approximately 237 shares) has not been included because the effect would be anti-dilutive.

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Note 5 - Property, Plant and Equipment

Our property, plant and equipment, net of depreciation, consists of the following as of the dates indicated:

Description and Useful Life	September 30, 2011	March 31, 2011
	(in thousands)	
Terminal assets (30 years)	$ 18,716	$ 18,933
Retail propane equipment (5-15 years)	31,735	30,360
Vehicles (5 years)	8,748	7,666
Information technology equipment (3 years)	734	678
Buildings (30 years)	7,463	7,053
Land (nondepreciable) and other (3-7 years)	4,356	4,201
	71,752	68,891
Less: Accumulated depreciation	5,347	2,871
Net property, plant and equipment	$ 66,405	$ 66,020

Depreciation expense was approximately $1.4 million and $0.5 million for the three months ended September 30, 2011 and 2010, respectively, and approximately $2.6 million and $1.0 million for the six months ended September 30, 2011 and 2010, respectively.

Note 6 Goodwill and Intangible Assets

The changes in the balance of goodwill during the six months ended September 30, 2011 were as follows (in thousands):

Balance, March 31, 2011, as previously reported	$ 12,608
Revision to allocation of Hicksgas acquisition	(4,040)
Balance March 31, 2011, as retrospectively adjusted	8,568
Retail propane acquisitions	550
Balance, September 30, 2011	$ 9,118

Goodwill by segment is as follows:

	September 30, 2011	March 31, 2011
	(in thousands)	
Retail propane	$ 7,084	$ 6,534
Wholesale supply and marketing	2,034	2,034
	$ 9,118	$ 8,568

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Our intangible assets consist of the following as of the dates indicated:

		September 30, 2011		March 31, 2011	
	Useful Lives	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
		(in thousands)			
Amortizable					
Supply and storage agreements	8 years	$ 1,802	$ 801	$ 1,802	$ 400
Customer lists	8-10 years	2,282	304	2,033	154
Customer relationships	15 years	2,170	147	2,170	200
Non-compete agreements	2-6 years	1,750	590	1,550	239
Debt issuance costs	5 years	6,860	1,220	4,928	565
Total amortizable		14,864	3,062	12,483	1,558
Non-Amortizable					
Trade names	Indefinite	830		830	
Total		$ 15,694	$ 3,062	$ 13,313	$ 1,558

Expected amortization of our amortizable intangible assets is as follows (in thousands):

Year Ending March 31,	
2012 (six months)	$ 1,614
2013	2,850
2014	1,999
2015	1,978
2016	1,453
Thereafter	1,908
	$ 11,802

Amortization expense was as follows:

Recorded in	Three Months Ended September 30, 2011	2010	Six Months Ended September 30, 2011	2010
	(in thousands)		(in thousands)	

Cost of sales	$ 200	$ 200	$ 400	$ 400
Depreciation and amortization	267	192	449	392
Interest expense	303	21	655	43
	$ 770	$ 413	$ 1,504	$ 835

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Note 7 - Long-Term Debt

Our long-term debt consists of the following:

	September 30, 2011	March 31, 2011
	(in thousands)	
Revolving credit facility		
Acquisition loans	$	$ 65,000
Working capital loans	50,000	
Other notes payable	737	1,371
	50,737	66,371
Less - current maturities	40,647	830
Long-term debt	$ 10,090	$ 65,541

Revolving Credit Facility

We and our subsidiaries have a $330 million credit agreement (the Credit Agreement) with a group of banks, consisting of a $130 million working capital facility and a $200 million acquisition facility. Borrowings under the working capital facility are subject to a defined borrowing base. In addition, we can elect to reallocate the lesser of up to $75.0 million or the unused portion of our acquisition facility at the request date to our working capital facility up to three times per year. Subsequent to September 30, 2011, we reallocated $50 million to our working capital facility. Substantially all of our assets are pledged as collateral under the Credit Agreement.

Borrowings under the Credit Agreement bear interest at designated interest rates depending on the computed leverage ratio, which is the ratio of total indebtedness (as defined) at any determination date to consolidated EBITDA for the period of the four fiscal quarters most recently ended. Interest is payable quarterly. Interest rates vary at LIBOR plus 2.75% to 3.50% for any LIBOR borrowings, or the bank s prime rate plus 1.75% to 2.50% for any base rate borrowings (5% at September 30, 2011 for the working capital facility), in each case depending upon the leverage ratio. We had no LIBOR borrowings at September 30, 2011. We are also required to pay a 0.375% commitment fee on all undrawn commitments when our leverage ratio is less than or equal to 3.0 to 1.0, otherwise the commitment fee is 0.50%.

Our revolving credit facility further indicates that our leverage ratio cannot exceed 4.0 to 1.0 at any quarter end. At September 30, 2011, our ratio of total funded debt to consolidated EBITDA was .05 to 1.

During the three months and six months ended September 30, 2011, we had a maximum borrowing under our working capital facility of approximately $50 million and an average borrowing of $25.3 million and $15.7 million, respectively. The weighted average interest rate of our working capital borrowings during the three months and six months ended September 30, 2011 was 5.23% and 5.32%, respectively, and the interest rate at September 30, 2011 was 5%.

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The Credit Agreement has a final maturity on October 1, 2016, except for a $30 million portion of the working capital facility that terminates in February 2012. Once a year, we must prepay the outstanding working capital revolving loans and collateralize outstanding letters of credit in order to reduce the total working capital borrowings to less than $10.0 million for 30 consecutive days. In May 2011, we repaid the $65.0 million advances under our acquisition facility using the proceeds from our initial public offering (see Note 10). Subsequent to September 30, 2011, we have borrowed approximately $107 million against our acquisition facility and an additional approximately $91 million against our working capital facility, primarily to fund our business combinations with Osterman and SemStream.

Our revolving credit facility includes customary events of default. At September 30, 2011, we were in compliance with all debt covenants to our revolving credit facility. Our revolving credit facility also contains various covenants limiting our ability to (subject to certain exceptions), among other things:

- incur other indebtedness (other than permitted debt as defined in the credit facility);
- grant or incur liens on our property;
- create or incur any contingent obligations;
- make investments, loans and acquisitions;
- enter into a merger, consolidation or sale of assets;
- change the nature of the business or name or place of business of any of the Credit Parties without approval;

- pay dividends or make distributions if we are in default under the revolving credit facility or in excess of available cash; and
- prepay, redeem, defease or otherwise acquire any permitted subordinated debt or make certain amendments to permitted subordinated debt.

Other Notes Payable

The other notes payable of approximately $0.7 million mature as follows (in thousands):

Year Ending March 31,		
2012 (six months)	$	195
2013		452
2014		90
	$	737

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Note 8 - Income Taxes

We qualify as a partnership for income taxes. As such, we will not pay any U.S. Federal income tax. Rather, each owner will report their share of our income or loss on their individual tax returns. Accordingly, no income tax provision has been recorded for the three months and six months ended September 30, 2011. The aggregate difference in the basis of our net assets for financial and tax reporting purposes cannot be readily determined as we do not have access to information regarding each partner s basis in the Partnership.

As a publicly-traded partnership, we are allowed to have non-qualifying income up to 10% of our gross income and not be subject to taxation as a corporation. During the three months and six months ended September 30, 2011, we formed a taxable corporate subsidiary and transferred to such subsidiary certain assets and operations that represent non-qualifying income for a partnership. As a result, our taxable subsidiary will be subject to income taxes related to the taxable income generated by its operations. During the three month and six month periods ended September 30, 2011, the operations of our corporate subsidiary were not significant.

NGL Supply s deferred tax benefit for the three month and six month periods ended September 30, 2010 was computed using the expected annual effective tax rate which differs from the statutory rate due to the effect of state income taxes.

Note 9 - Commitments and Contingencies

Litigation

We are involved in claims and legal actions arising in the ordinary course of business. We believe that the ultimate disposition of these matters will not have a material adverse effect on our financial position and results of operations.

Obligations Under Propane Asset Purchase and Sale Agreement

In connection with the purchase of certain propane assets from ConocoPhillips, NGL Supply executed the following agreements in November 2002:

Propane Business Operating & Maintenance Agreement. The Propane Business Operating & Maintenance Agreement specifies that ConocoPhillips will continue to operate the propane assets for us and provides for the payment for such services as well as the payment for the utilization of certain common facilities, as defined. The agreement has a primary term of ten years from November 7, 2002, and provides for an extension for a five-year period, to be continued on a year-by-year basis. We have the ability to terminate the agreement with written notice by August 1 of the calendar year preceding the year we would terminate the agreement.

We are obligated to pay a fixed monthly operating fee plus a utility service fee which varies based on usage and all direct costs incurred by ConocoPhillips related to the propane assets. The initial monthly operating fee was $25,000, which consisted of a labor charge of $15,000 plus a

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non-labor charge of $10,000. During the ten-year primary term, the labor charge component increases at a rate of 2.5% per year, and during the five-year extension, the labor charge component is increased at an amount appropriate in the circumstances based on ConocoPhillips actual labor and benefit costs. The non-labor component was fixed for a term of two years, but thereafter was to be adjusted for every two-year period based on ConocoPhillips actual costs of operating our propane assets. The total operating fee charged to cost of sales on the consolidated statements of operations, including the charge for the utility service fee and propane asset direct charges, was as follows (in thousands):

	2011	2010
Three months ended September 30	$ 89	$ 88
Six months ended September 30	177	175

The total minimum monthly fee as of September 30, 2011 is approximately $30,000. During the remaining term of the primary ten-year period and the five-year extension, the estimated minimum annual commitments for the Propane Business Operating & Maintenance Agreement for the remainder of the year ending March 31, 2012 and the years ending March 31, 2013 through March 31, 2016 are as follows (in thousands):

Year Ending March 31,	
2012 (six months)	$ 182
2013	364
2014	370
2015	376
2016	382

Propane Supply Agreement. This agreement was executed in order to provide us with a constant supply of propane for our business. The agreement is for a primary term of ten years, and may be extended for an additional five-year period, then continuing on a year-by-year basis.

The agreement specifies that we may purchase a specified volume of propane per week from ConocoPhillips. The price we will pay is an average of the published daily propane spot price at Conway, Kansas plus a location differential equal to published pipeline tariffs and, for the ten-year primary period, less a specified discount which varies depending upon the location of purchase. The charge for such propane purchases is included in cost of sales on our consolidated statements of operations.

Storage Space Lease. NGL Supply executed a propane storage space lease with ConocoPhillips for storage at its Borger, Texas storage facility. The storage agreement provides for a volume of up to 850,000 barrels of propane at any one time, and expires on March 31, 2012.

The storage agreement requires a specified minimum storage payment which varies by year, plus additional charges to the extent we had more than the designated 850,000 barrels in storage at

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any time. The total lease charge recorded in cost of sales on our consolidated statements of operations was as follows (in thousands):

	2011	2010
Three months ended September 30	$ 108	$ 108
Six months ended September 30	217	217

As of September 30, 2011, the monthly storage charge is approximately $36,000. The estimated future annual storage charge will be approximately $0.2 million during the remainder of the year ending March 31, 2012. We are presently negotiating an extension to this storage agreement; however, there is no guarantee any such extension will be executed or on the same terms.

Other Operating Leases

We have executed various noncancelable operating lease agreements for office space, underground propane storage, trucks, real estate, equipment and bulk propane storage tanks. Rental expense relating to operating leases (excluding the Borger lease discussed above) was as follows (in thousands):

	2011	2010
Three months ended September 30	$ 813	$ 660
Six months ended September 30	1,560	1,325

Future minimum lease payments at September 30, 2011, are as follows (in thousands):

Year Ending March 31,	
2012 (six months)	$ 1,420
2013	2,767
2014	2,766
2015	2,698
2016	2,616
	$ 12,267

Sales and Purchase Contracts

We have entered into sales and purchase contracts for propane and other natural gas liquids to be delivered in future periods. These contracts require that the parties physically settle the transactions with natural gas liquid inventory. At September 30, 2011, we had fixed-price outstanding sales contracts of approximately $154.4 million (approximately 101.8 million gallons) and fixed-price outstanding purchase contracts of approximately $109.9 million (approximately 77.3 million gallons). These contracts have terms that expire at various dates through March 31, 2013.

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Note 10 Equity

The Partnership s equity consists of a 0.1% general partner equity and a 99.9% limited partner equity. Limited partner equity consists of common and subordinated units. The limited partner units share equally in the allocation of income or loss. The principal difference between common and subordinated units is that in any quarter during the subordination period, holders of the subordinated units are not entitled to receive any distribution until the common units have received the minimum quarterly distribution plus any arrearages in the payment of the minimum quarterly distribution from prior quarters. Subordinated units will not accrue arrearages.

When the subordination period ends, all subordinated units will convert into common units on a one-for-one basis and all common units thereafter will no longer be entitled to arrearages.

Our general partner is not obligated to make any additional capital contributions or guarantee any of our debts or obligations.

Initial Public Offering

During May 2011, we sold a total of 4,025,000 common units (including the exercise by the underwriters of their option to purchase additional common units from us) in our initial public offering at $21 per unit. Our proceeds from the sale of 3,850,000 common units of approximately $72.0 million, net of total offering costs of approximately $9.0 million, were used to repay advances under our acquisition credit facility and for general partnership purposes. Proceeds from the sale of 175,000 common units ($3.4 million) from the underwriters exercise of their option to purchase additional common units from us were used to redeem 175,000 of the common units outstanding prior to our initial public offering.

Unit Split and Conversion of Common Units to Subordinated Units

On May 11, 2011, we:

- Effected a 3.7219 to one split of our common units. All unit and per-unit information herein has been adjusted to reflect after-split information, and
- Converted 5,919,346 of our common units to subordinated units.

Issuance of Units Subsequent to September 30, 2011

In connection with the Osterman transaction (see Note 3), we issued 4 million common units which have been valued at $20.47. These units are not eligible for any distributions declared or made with respect to any of our fiscal quarters ending prior to the closing date of our transaction.

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In connection with the SemStream transaction (see Note 3), we issued 8,932,031 limited partner common units which have been valued at $21.07 per unit. SemStream has waived ordinary course cash distributions on a total of 3,932,031 of these units prior to August 30, 2012.

In connection with the completion of the Osterman transaction, we amended our current Registration Rights Agreement by entering into a First Amended and Restated Registration Rights Agreement dated October 3, 2011, by and among the Partnership, Hicks Oils & Hicksgas, Incorporated, NGL Holdings, Inc., Krim2010, LLC, Infrastructure Capital Management, LLC, Atkinson Investors, LLC, E. Osterman Propane, Inc. and the other holders party thereto. Subsequently, in connection with the completion of the SemStream transaction, the First Amended and Restated Registration Rights Agreement was amended by that certain Amendment No. 1 and Joinder to First Amended and Restated Registration Rights Agreement dated as of November 1, 2011, by and among the Partnership and SemStream. Together, these amendments provide for, among other things, certain registration rights for certain holders of our common units and increase the total number of permitted demand registrations from three to six.

Distributions

Our general partner has adopted a cash distribution policy that will require us to pay a quarterly distribution to the extent we have sufficient cash from operations after establishment of cash reserves and payment of fees and expenses, including payments to the general partner and its affiliates, referred to as available cash, in the following manner:

- First, 99.9% to the holders of common units and 0.1% to the general partner, until each common unit has received the specified minimum quarterly distribution, plus any arrearages from prior quarters.

- Second, 99.9% to the holders of subordinated units and 0.1% to the general partner, until each subordinated unit has received the specified minimum quarterly distribution.

- Third, 99.9% to all unitholders, pro rata, and 0.1% to the general partner.

The general partner will also receive, in addition to distributions on its 0.1% general partner interest, additional distributions based on the level of distributions to the limited partners. These distributions are referred to as incentive distributions.

During the three months ended June 30, 2011, we distributed a total of $3.85 million ($0.35 per common and general partner notional unit) to our unitholders of record as of March 31, 2011.

During the three months ended September 30, 2011, we distributed a total of $2.5 million ($0.1669 per unit) to our general partner and our unitholders of record on August 3, 2011.

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Subsequent to September 30, 2011, we declared a distribution of $0.3375 per unit to unitholders of record on October 31, 2011, excluding the units issued in our Osterman acquisition. This distribution was paid on November 14, 2011.

Note 11 Fair Value of Financial Instruments

Our cash and cash equivalents, accounts receivable, accounts payable and accrued expenses and other current liabilities (excluding derivative instruments) are carried at amounts which reasonably approximate their fair value due to their short-term nature. The carrying amounts of our variable-rate debt obligations reasonably approximate their fair value due to their variable interest rates on substantially all of the debt and there have been no changes in conditions from the inception of the credit facility indicating that our credit terms were not market terms.

The following table presents the estimated fair value measurements of our assets and liabilities carried at fair value in our condensed consolidated financial statements at the dates indicated:

		September 30, 2011		March 31, 2011	
Item	**Recorded As**	**Level 1**	**Level 2**	**Level 1**	**Level 2**
			(in thousands)		
Assets:					
Commodity derivatives	Prepaid Expenses	$	$ 4	$	$ 783
Product exchanges	Product Exchanges		668		427
Liabilities:					
Product exchanges	Product Exchanges		10,142		1,045
Interest rate derivatives	Accrued Expenses		237		293
Commodity derivatives	Accrued Expenses		97		

We have an interest rate swap agreement to hedge the risk of interest rate fluctuations on our long term debt. This agreement converts a portion of our revolving credit facility floating rate debt into fixed rate debt on a notional amount of $8.5 million and ends on June 30, 2013. The notional amounts of derivative instruments do not represent actual amounts exchanged between the parties, but instead represent amounts on which the contracts are based. The floating interest rate payments under this swap are based on three-month LIBOR rates. We do not account for this agreement as a hedge.

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The following table sets forth our open commodity derivative contract positions at September 30, 2011 and March 31, 2011. We do not account for these derivatives as hedges.

	Total Notional	Type