

Atlas Pipeline Finance CORP  
Form S-4  
May 18, 2007

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**As filed with the Securities and Exchange Commission on May 18, 2007  
Registration No. 333-**

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM S-4  
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933  
ATLAS PIPELINE PARTNERS, L.P.\*  
ATLAS PIPELINE FINANCE CORPORATION  
(Exact name of registrant as specified in its charter)**

<b>Delaware</b>	<b>1311</b>	<b>23-3011077</b>
<b>Delaware</b>	<b>1311</b>	<b>20-3879234</b>
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)
	311 Rouser Road	
	Moon Township, Pennsylvania 15108	
	(412) 262-2830	
(Address, including zip code, and telephone number, including area code, of registrant's principal executive office)		
	Michael L. Staines	
	Atlas Pipeline Partners GP, LLC	
	311 Rouser Road	
	Moon Township, Pennsylvania 15108	
	(412) 262-2830	
(Name, address, including zip code, and telephone number, including area code, of agent for service)		
	Please send copies of communications to:	
	Lisa A. Ernst, Esq.	
	Ledgewood	
	1900 Market Street	
	Philadelphia, Pennsylvania 19103	
	(215) 731-9450	

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

\* Includes certain subsidiaries of Atlas Pipeline Partners, L.P. identified on the following pages.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

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

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

offering. o

## Calculation of Registration Fee

<b>Title of each class of securities to be registered</b>	<b>Amount to be registered</b>	<b>Proposed maximum offering price per note</b>	<b>Proposed maximum aggregate offering price</b>	<b>Amount of registration fee<sup>(1)</sup></b>
8-1/8% Series B Senior Notes due 2015 Guarantees <sup>(2)</sup>	\$8,524,000	100%	\$8,524,000	\$ 262

(1) Determined in accordance with Rule 457(f)(2) under the Securities Act of 1933, as amended.

(2) No separate consideration will be received for the guarantees, and no separate fee is payable pursuant to Rule 457(a) of the Securities Act of 1933.

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

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<b>Exact name of registrant as specified in its charter</b>	<b>State or other jurisdiction of incorporation or organization</b>	<b>I.R.S. Employer Identification No.</b>
Atlas Pipeline Operating Partnership, L.P.	DE	23-3015646
Atlas Pipeline New York, LLC	PA	25-1850095
Atlas Pipeline Ohio, LLC	PA	25-1849435
Atlas Pipeline Pennsylvania, LLC	PA	25-1849453
Atlas Pipeline Mid-Continent LLC	DE	37-1492980
Elk City Oklahoma GP, LLC	DE	20-2654141
Elk City Oklahoma Pipeline, L.P.	TX	20-2743211
Atlas Arkansas Pipeline LLC	OK	26-3904426
NOARK Pipeline System, Limited Partnership	AR	71-0710197
Mid-Continent Arkansas Pipeline, LLC	AR	20-3904426
NOARK Energy Services, L.L.C.	OK	73-1551901
Ozark Gas Gathering, L.L.C.	OK	73-1551902
Ozark Gas Transmission, L.L.C.	OK	73-1551903

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated May 18, 2007

**Prospectus**

**ATLAS PIPELINE PARTNERS, L.P.  
ATLAS PIPELINE FINANCE CORPORATION**

**Offer to Exchange**

Registered 8-1/8% Series B Senior Notes due 2015  
for

All outstanding 8-1/8% Senior Notes due 2015 issued April 18, 2007  
(\$8,524,000 in principal amount outstanding)

We are offering to exchange, upon the terms of and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, all of our outstanding 8-1/8% Senior Notes due 2015 issued on April 18, 2007 for our registered 8-1/8% Series B Senior Notes due 2015. In this prospectus, we will call the original notes the outstanding notes and the registered notes the exchange notes. The outstanding notes and exchange notes are collectively referred to in this prospectus as the notes.

**The Exchange Offer**

**The exchange offer expires at 5:00 p.m., New York City time, on \_\_\_\_\_, 2007, unless extended.**

The exchange offer is not conditioned upon a minimum aggregate principal amount of outstanding notes being tendered.

All outstanding notes validly tendered and not withdrawn will be exchanged.

The exchange offer is not subject to any condition other than that the exchange offer not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission.

We will not receive any cash proceeds from the exchange offer.

**The Exchange Notes**

The terms of the exchange notes offer are substantially identical to the outstanding notes, except that we have registered the exchange notes with the Securities and Exchange Commission. In addition, the exchange notes will not be subject to certain transfer restrictions.

Interest on the exchange notes will be paid at the rate of 8-1/8% per annum, semi-annually in arrears on each June 15 and December 15, beginning \_\_\_\_\_, 2007.

The exchange notes will not be listed on any securities exchange or the Nasdaq Stock Market.

**Please read Risk Factors beginning on page 10 for a discussion of factors you should consider before participating in the exchange offer.**

**These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

Each broker-dealer that receives the notes for its own account pursuant to this exchange offer must acknowledge by way of the letter of transmittal that it will deliver a prospectus in connection with any resale of the notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of the notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed to make this prospectus available for a period of one year from the expiration date of this exchange offer to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

The date of this prospectus is \_\_\_\_\_, 2007.

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Form of Exchange Note

Calculation of ratios of earnings to fixed charges

List of subsidiaries

Consent of Grant Thornton, LLP

**This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. In making your investment decision, you should rely only on the information contained in or incorporated by reference into this prospectus and in the letter of transmittal accompanying this prospectus. We have not authorized anyone to provide you with any other information. If you receive any unauthorized information, you must not rely on it. We are not making an offer to sell these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus or in the documents incorporated by reference into this prospectus are accurate as of any date other than the date on the front cover of this prospectus or the date of such incorporated documents, as the case may be.**

**This prospectus incorporates by reference business and financial information about us that is not included in or delivered with this prospectus. This information is available without charge upon written or oral request directed to: Investor Relations, Atlas Pipeline Partners, L.P., 311 Rouser Road, Moon Township, PA 15108; telephone number: (412) 262-2830. To obtain timely delivery, you must request the information no later than \_\_\_\_\_, 2007.**

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**SUMMARY**

*This summary highlights information included or incorporated by reference in this prospectus. It may not contain all of the information that is important to you. This prospectus includes information about the exchange offers and includes or incorporates by reference information about our business and our financial and operating data. Before deciding to participate in the exchange offers, you should read this entire prospectus carefully, including the financial data and related notes incorporated by reference in this prospectus and the Risk Factors section beginning on page 10 of this prospectus.*

*Except as otherwise indicated, references to the we, our, us, or like terms refer to Atlas Pipeline Partners, L.P. and its subsidiaries, including Atlas Pipeline Finance Corporation.*

**Atlas Pipeline Partners, L.P.**

We are a publicly-traded midstream energy services provider engaged in the transmission, gathering and processing of natural gas. We are a leading provider of natural gas gathering services in the Anadarko Basin and Golden Trend area of the mid-continent United States and the Appalachian Basin in the eastern United States. In addition, we are a leading provider of natural gas processing services in Oklahoma. We also provide interstate gas transmission services in southeast Oklahoma, Arkansas and southeast Missouri. We conduct our business through two operating segments: our Mid-Continent operations and our Appalachian operations.

We own and operate through our Mid-Continent operations:

a Federal Energy Regulatory Commission, or FERC, -regulated, 565-mile interstate pipeline system, which we refer to as Ozark Gas Transmission, that extends from southeastern Oklahoma through Arkansas and into southeastern Missouri;

three natural gas processing plants and one treating facility, each located in Oklahoma; and

1,900 miles of active natural gas gathering systems located in Oklahoma, Arkansas, northern Texas and the Texas panhandle, which transport gas from wells and central delivery points in the Mid-Continent region to our natural gas processing plants or Ozark Gas Transmission.

We own and operate through our Appalachian operations 1,600 miles of intrastate natural gas gathering systems in eastern Ohio, western New York and western Pennsylvania.

Our principal executive offices are located at 311 Rouser Road, Moon Township, PA 15108 and our telephone number is (412) 262-2830. Our website is [www.atlaspipelinepartners.com](http://www.atlaspipelinepartners.com). The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any other report or document we file with or furnish to the SEC.

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**Summary of Terms of the Exchange Offer**

*On April 18, 2007, we completed a private offering of the outstanding notes. As part of this private offering, we entered into a registration rights agreement with you in which we agreed, among other things, to deliver this prospectus to you and to use our reasonable best efforts to complete the exchange offer by \_\_\_\_\_, 2007. The following is a summary of the exchange offer.*

Outstanding notes	\$8,524,000 aggregate principal amount of 8-1/8% Senior Notes due 2015.
Exchange notes	8-1/8% Series B Senior Notes due 2015. The terms of the exchange notes are substantially identical to those terms of the outstanding notes, except that the transfer restrictions, registration rights and provisions for additional interest relating to the outstanding notes do not apply to the exchange notes.
Exchange offer	We are offering to exchange up to \$8,524,000 principal amount of our 8-1/8% Series B Senior Notes due 2015 that have been registered under the Securities Act of 1933 for an equal amount of our outstanding 8-1/8% Senior Notes due 2015 to satisfy our obligations under the registration rights agreement that we entered into when we issued the outstanding notes in a transaction exempt from registration under the Securities Act.
Expiration date	The exchange offer will expire at 5:00 p.m., New York City time, on _____, 2007, unless we decide to extend it.
Conditions to the exchange offer	The registration rights agreement does not require us to accept outstanding notes for exchange if the exchange offer or the making of any exchange by a holder of the outstanding notes would violate any applicable law or interpretation of the staff of the SEC or if any legal action has been instituted or threatened that would impair our ability to proceed with the exchange offer. A minimum aggregate principal amount of outstanding notes being tendered is not a condition to the exchange offer. Please read Exchange Offer Conditions to the Exchange Offer for more information about the conditions to the exchange offer.

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Procedures for tendering outstanding notes	To participate in the exchange offer, you must submit your note, in physical form, and a letter of transmittal to the exchange agent. For more details, please read Exchange Offer Terms of the Exchange Offer and Exchange Offer Procedures for Tendering.
Guaranteed delivery procedures	None.
Withdrawal of tenders	You may withdraw your tender of outstanding notes at any time before the expiration date. To withdraw, you must submit a notice of withdrawal to the exchange agent before 5:00 p.m., New York City time, on the expiration date of the exchange offer. Please read Exchange Offer Withdrawal of Tenders.
Acceptance of outstanding notes and delivery of exchange notes	If you fulfill all conditions required for proper acceptance of outstanding notes, we will accept any and all outstanding notes that you properly tender in the exchange offer before 5:00 p.m., New York City time, on the expiration date. We will return any outstanding note that we do not accept for exchange to you without expense promptly after the expiration date. We will deliver the exchange notes promptly after the expiration date and acceptance of the outstanding notes for exchange. Please read Exchange Offer Terms of the Exchange Offer.
Fees and expenses	We will bear all expenses related to the exchange offer. Please read Exchange Offer Fees and Expenses.
Use of proceeds	The issuance of the exchange notes will not provide us with any new proceeds. We are making this exchange offer solely to satisfy our obligations under our registration rights agreement.
Consequences of failure to exchange outstanding notes	If you do not exchange your outstanding notes in the exchange offer, you will no longer be able to require us to register the outstanding notes under the Securities Act, except in the limited circumstances provided under our registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer the outstanding notes unless we have registered the outstanding notes under the Securities Act, or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act.

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U.S. federal income tax consequences                      The exchange of exchange notes for outstanding notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. Please read Material Federal Income Tax Consequences.

Exchange agent                                      We have appointed Ledgewood, P.C. as the exchange agent for the exchange offer. You should direct questions and requests for assistance and requests for additional copies of this prospectus (including the letter of transmittal) to the exchange agent addressed as follows:

Ledgewood, P.C.  
1900 Market Street  
Suite 750  
Philadelphia, PA 19103  
Attention: Mark E. Rosenstein  
Phone: 215-731-9450  
Facsimile: 215-735-2513

**Summary of Terms of the Exchange Notes**

*The exchange notes will be identical to the outstanding notes, except that the exchange notes are registered under the Securities Act and will not have restrictions on transfer, registration rights or provisions for additional interest. The exchange notes will evidence the same debt as the outstanding notes, and the same indenture will govern the exchange notes and the outstanding notes.*

*The following summary contains basic information about the exchange notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the exchange notes, please read Description of Exchange Notes.*

Issuers                                              Atlas Pipeline Partners, L.P. and Atlas Pipeline Finance Corporation. Atlas Pipeline Finance is our wholly-owned direct subsidiary that was incorporated in Delaware for the purpose of serving as a co-issuer of the notes. Atlas Pipeline Finance has only nominal assets and does not conduct any operations. As a result, you should not expect Atlas Pipeline Finance to participate in servicing the interest and principal obligations on the notes.

Notes offered                                      \$8,524,000 aggregate principal amount of 8-1/8% Series B Senior Notes due 2015.

Maturity date                                      December 15, 2015.

Interest payment dates                      June 15 and December 15 of each year, beginning \_\_\_\_\_, 2007.

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Guarantees	<p>The notes will be unconditionally guaranteed by all of our current and future domestic restricted subsidiaries, other than Atlas Pipeline Finance, a co-issuer, on an unsecured senior basis.</p>
Ranking	<p>The notes and the related guarantees will be the unsecured senior obligations of us, Atlas Pipeline Finance and the guarantors. Accordingly, they will rank:</p> <p>effectively subordinated to all of our and, with respect to the guarantors, the respective guarantors' existing and future secured debt, including debt under our revolving credit facility, to the extent of the value of the assets securing such debt;</p> <p>structurally subordinated to all liabilities of any of our present and future subsidiaries that do not guarantee the notes;</p> <p>equal in right of payment with our and, with respect to the guarantors, the respective guarantors' existing and future unsecured senior debt; and</p> <p>senior to all our and, with respect to the guarantors, the respective guarantors' existing and future debt that expressly provides that it is subordinated to the notes or the respective guarantees.</p>
Optional redemption	<p>We may redeem the notes, in whole or in part, at any time on or after December 15, 2010, at redemption prices described in the section "Description of Notes - Optional Redemption" plus accrued and unpaid interest, if any, to the date of redemption. Before December 15, 2010, we may redeem the notes, in whole or in part, at par value plus a make-whole premium described in "Description of Notes - Optional Redemption." In addition, before December 15, 2008, we may redeem up to 35% of the notes with the net cash proceeds from specified equity offerings at a redemption price equal to 108.125% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, if any, to the date of redemption. However, we may only make such a redemption if at least 65% of the aggregate principal amount of notes issued under the indenture remains outstanding immediately after the redemption.</p>
Change of control offer	<p>If we undergo a change of control, we must offer to repurchase the notes at a price equal to 101% of the principal amount, plus accrued and unpaid interest, if any, to the date of repurchase. See "Description of Notes - Repurchase upon a Change in Control."</p>

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Basic covenants of the indenture	<p>The notes will be issued under an indenture that restricts our ability and the ability of our restricted subsidiaries to, among other things:</p> <ul style="list-style-type: none"><li>pay distributions, redeem stock, prepay subordinated indebtedness or make other restricted payments;</li><li>incur indebtedness;</li><li>make specified investments;</li><li>create liens on our assets to secure debt;</li><li>restrict dividends, distributions or other payments from subsidiaries to us;</li><li>consolidate or merge;</li><li>sell or otherwise transfer or dispose of assets, including equity interests of restricted subsidiaries;</li><li>enter into transactions with affiliates;</li><li>designate subsidiaries as unrestricted subsidiaries;</li><li>use the proceeds of permitted sales of assets; and</li><li>change our line of business.</li></ul> <p>These covenants will be subject to a number of important exceptions. For more details, see <a href="#">Description of Notes</a> <a href="#">Certain Covenants</a>.</p>
Covenant suspension	<p>At any time when the notes are rated investment grade by Moody's or S&amp;P and no default or event of default has occurred and is continuing under the indenture, we and our subsidiaries will not be subject to many of the foregoing covenants. See <a href="#">Description of Notes</a> <a href="#">Suspended Covenants</a>.</p>
Transfer restrictions; absence of a public market for the notes	<p>The exchange notes generally will be freely transferable. However, we do not intend to make a trading market in the exchange notes after the exchange offer. Therefore, we cannot assure you as to the development of an active market for the exchange notes or as to the liquidity of any such market.</p>
Form of exchange notes	<p>The exchange notes will be represented initially by one or more definitive notes.</p>

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Trading	We do not expect to list the exchange notes for trading on any securities exchange.
Registrar and paying agent	Wachovia Bank, National Association
Governing law	The exchange notes will be and the indenture relating to the exchange notes is governed by, and construed in accordance with, the laws of the State of New York.

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**RISK FACTORS**

*In addition to the other information set forth elsewhere in this prospectus. You should consider carefully the risks described below before deciding whether to participate in the exchange offer.*

**Risks Related to Continuing Ownership of the Outstanding Notes**

*If you fail to exchange outstanding notes, existing transfer restrictions will remain in effect and the notes may be more difficult to sell.*

If you fail to exchange outstanding notes for exchange notes under the exchange offer, then you will continue to be subject to the existing transfer restrictions on the outstanding notes. In general, the outstanding notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except in connection with this exchange offer or as required by the registration rights agreement, we do not intend to register resales of the outstanding notes.

The tender of outstanding notes under the exchange offer will reduce the principal amount of the currently outstanding notes. Due to the corresponding reduction in liquidity, this may decrease, and increase the volatility of, the market price of any currently outstanding notes that you continue to hold following completion of the exchange offer.

**Risks Relating to Our Business**

*The amount of cash we generate depends in part on factors beyond our control.*

The actual amounts of cash we generate will depend upon numerous factors relating to our business which may be beyond our control, including:

- the demand for and price of natural gas and NGLs;
- the volume of natural gas we transport;
- expiration of significant contracts;
- continued development of wells for connection to our gathering systems;
- the availability of local, intrastate and interstate transportation systems;
- the expenses we incur in providing our gathering services;
- the cost of acquisitions and capital improvements;
- our issuance of equity securities;
- required principal and interest payments on our debt;
- fluctuations in working capital;

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prevailing economic conditions;

fuel conservation measures;

alternate fuel requirements;

government regulation and taxation; and

technical advances in fuel economy and energy generation devices.

Our ability to make payments on and to refinance our indebtedness, including the notes, will depend on our financial and operating performance, which may fluctuate significantly from quarter to quarter. We may be unable to continue to generate cash flow or borrow funds in amounts sufficient to service our indebtedness or to meet our working capital and capital expenditure requirements. If we are unable to do so, we may be required to sell assets or equity, reduce capital expenditures, refinance all or a portion of our existing indebtedness or obtain additional financing. We may be unable to do so on acceptable terms, or at all.

***Our profitability is affected by the volatility of prices for natural gas and NGL products.***

We derive a majority of our revenues from percentage of proceeds contracts. As a result, our income depends to a significant extent upon the prices at which the natural gas we transport, treat or process and the natural gas liquids, or NGLs, we produce are sold. A 10% change in the average price of NGLs, natural gas and condensate we process and sell would result in a change to our consolidated net income for the twelve month period ending March 31, 2008, excluding the effect of minority interests in our net income, of approximately \$7.7 million. Additionally, changes in natural gas prices may indirectly impact our profitability since prices can influence drilling activity and well operations and thus the volume of gas we gather and process. Historically, the price of both natural gas and NGLs has been subject to significant volatility in response to relatively minor changes in the supply and demand for natural gas and NGL products, market uncertainty and a variety of additional factors beyond our control, including those we describe in . The amount of cash we generate depends in part on factors beyond our control, above. We expect this volatility to continue. This volatility may cause our gross margin and cash flows to vary widely from period to period. Our hedging strategies may not be sufficient to offset price volatility risk and, in any event, do not cover all of the throughput volumes subject to percentage of proceeds contracts. Moreover, hedges are subject to inherent risks, which we describe in . Our hedging strategies may fail to protect us and could reduce our gross margin and cash flow.

***The amount of natural gas we transport will decline over time unless we are able to attract new wells to connect to our gathering systems.***

Production of natural gas from a well generally declines over time until the well can no longer economically produce natural gas and is plugged and abandoned. Failure to connect new wells to our gathering systems could, therefore, result in the amount of natural gas we transport reducing substantially over time and could, upon exhaustion of the current wells, cause us to abandon one or more of our gathering systems and, possibly, cease operations. The primary factors affecting our ability to connect new supplies of natural gas to our gathering systems include our success in contracting for existing wells that are not committed to other systems, the level of drilling activity near our gathering systems and, in the Mid-Continent region, our ability to attract natural gas producers away from our competitors gathering systems. Fluctuations in energy prices can greatly affect production rates and investments by third parties in the development of new oil and natural gas reserves. Drilling activity generally decreases as oil and natural gas prices decrease. We have no control over the level of drilling activity in our service areas, the amount of reserves underlying wells that connect to our systems and the rate at which production from a well will decline. In addition, we have no control over producers or their production decisions, which are affected by, among other things, prevailing and projected energy prices, demand for hydrocarbons, the level of reserves, geological considerations, governmental regulation and the availability and cost of capital. Because our operating costs are fixed to a significant degree, a reduction in the natural gas volumes we transport or process would result in a reduction in our gross margin and cash flows and, as a result, in our ability to service the notes.

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***The success of our Mid-Continent operations depends upon our ability to continually find and contract for new sources of natural gas supply from unrelated third parties.***

Unlike our Appalachian operations, none of the drillers or operators in our Mid-Continent service area is an affiliate of ours. Moreover, our agreements with most of the drillers and operators with which our Mid-Continent operations do business do not require them to dedicate significant amounts of undeveloped acreage to our systems. As a result, we do not have assured sources to provide us with new wells to connect to our Mid-Continent gathering systems. Failure to connect new wells to our Mid-Continent operations will, as described in *The amount of natural gas we transport will decline over time unless we are able to attract new wells to connect to our gathering systems, above, reduce our gross margin and cash flows and, as a result, our ability to service the notes.*

***Our Mid-Continent operations currently depend on key producers for their supply of natural gas; the loss of any of these key producers could reduce our revenues.***

During 2006, Chesapeake Energy Corporation, Kaiser-Francis Oil Company, Burlington Resources Inc., St. Mary Land and Exploration Company and Samson Resources Co. supplied our Mid-Continent systems with a majority of their natural gas supply. If these producers reduce the volumes of natural gas that they supply to us, our gross margin and cash flows would be reduced unless we obtain comparable supplies of natural gas from other producers.

***The curtailment of operations at, or closure of, either of our processing plants could harm our business.***

We currently have one processing plant for our Elk City operation and one active processing plant for our Velma operation. If operations at either plant were to be curtailed, or closed, whether due to accident, natural catastrophe, environmental regulation or for any other reason, our ability to process natural gas from the relevant gathering system and, as a result, our ability to extract and sell NGLs, would be harmed. If this curtailment or stoppage were to extend for more than a short period, our gross margin, cash flows and our ability to service the notes would be materially reduced.

***We may face increased competition in the future in our Mid-Continent service areas.***

Our Mid-Continent operations may face competition for well connections. Duke Energy Field Services, LLC, ONEOK, Inc., Carrera Gas Company, Cimarron Transportation, LLC and Enogex, Inc. operate competing gathering systems and processing plants in our Velma service area. In our Elk City service area, ONEOK Field Services, Eagle Rock Midstream Resources, L.P., Enbridge Energy Partners, L.P., CenterPoint Energy, Inc. and Enogex operate competing gathering systems and processing plants. CenterPoint Energy's interstate system is the nearest direct competitor to the Ozark Gas Transmission system. CenterPoint and Enogex operate competing gathering systems in Ozark Gas Gathering's service area. Some of our competitors have greater financial and other resources than we do. If these companies become more active in our Mid-Continent service areas, we may not be able to compete successfully with them in securing new well connections or retaining current well connections. If we do not compete successfully, the amount of natural gas we transport, process and treat will decrease, reducing our gross margin, cash flows and, as a result, our ability to service the notes.

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***The amount of natural gas we transport may be reduced if the public utility and interstate pipelines to which we deliver gas cannot or will not accept the gas.***

Our gathering systems principally serve as intermediate transportation facilities between sales lines from wells connected to our systems and the public utility or interstate pipelines to which we deliver natural gas. If one or more of these pipelines has service interruptions, capacity limitations or otherwise does not accept the natural gas we transport, and we cannot arrange for delivery to other pipelines, local distribution companies or end users, the amount of natural gas we transport may be reduced. Since our revenues depend upon the volumes of natural gas we transport, this could result in a material reduction in our gross margin, cash flows and, as a result, our ability to service the notes.

***We may be unsuccessful in integrating the operations from our recent acquisitions or any future acquisitions with our operations and in realizing all of the anticipated benefits of these acquisitions.***

We acquired Elk City in April 2005 and completed the NOARK acquisition in October 2005 and May 2006 and are currently in the process of integrating their operations with ours. We also have an active, on-going program to identify other potential acquisitions. The integration of previously independent operations with ours can be a complex, costly and time-consuming process. The difficulties of combining Elk City and NOARK, as well as any operations we may acquire in the future, with our existing operations include, among other things:

operating a significantly larger combined entity;

the necessity of coordinating geographically disparate organizations, systems and facilities;

integrating personnel with diverse business backgrounds and organizational cultures;

consolidating operational and administrative functions;

integrating internal controls, compliance under Sarbanes-Oxley Act of 2002 and other corporate governance matters;

the diversion of management's attention from other business concerns;

customer or key employee loss from the acquired businesses;

a significant increase in our indebtedness; and

potential environmental or regulatory liabilities and title problems.

The process of combining companies or the failure to integrate them successfully could harm our business or future prospects, and result in significant decreases in our gross margin and cash flows.

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***The acquisitions of our Velma, Elk City and NOARK operations have substantially changed our business, making it difficult to evaluate our business based upon our historical financial information.***

The acquisitions of our Velma, Elk City and NOARK operations have significantly increased our size and substantially redefined our business plan, expanded our geographic market and resulted in large changes to our revenues and expenses. As a result of these acquisitions, and our continued plan to acquire and integrate additional companies that we believe present attractive opportunities, our financial results for any period or changes in our results across periods may continue to dramatically change. Our historical financial results, therefore, should not be relied upon to accurately predict our future operating results, thereby making the evaluation of our business more difficult.

***Before acquiring our Velma and Elk City operations, we had no previous experience either in our Mid-Continent service area or in operating natural gas processing plants.***

Our Mid-Continent gathering systems are located in Oklahoma and northern Texas, areas in which we have been involved only since July 2004 as a result of the Velma acquisition and, in April 2005, the Elk City acquisition. In addition, as a result of these acquisitions, we began to operate natural gas processing plants, a business in which we had no prior operating experience. We depend upon the experience, knowledge and business relationships that have been developed by the senior management of our Mid-Continent operations to operate successfully in the region. The loss of the services of one or more members of our Mid-Continent senior management, in particular Robert R. Firth, President, and David D. Hall, Chief Financial Officer, could limit our growth or ability to maintain our current level of operations in the Mid-Continent region.

***Due to our lack of asset diversification, negative developments in our operations would reduce our ability to service the notes.***

We rely exclusively on the revenues generated from our transportation, gathering and processing operations, and as a result, our financial condition depends upon prices of, and continued demand for, natural gas and NGLs. Due to our lack of diversification in asset type, a negative development in one of these businesses would have a significantly greater impact on our financial condition and results of operations than if we maintained more diverse assets.

***Our construction of new assets may not result in revenue increases and is subject to regulatory, environmental, political, legal and economic risks, which could impair our results of operations and financial condition.***

One of the ways we may grow our business is through the construction of new assets. The construction of additions or modifications to our existing systems and facilities, and the construction of new assets, involve numerous regulatory, environmental, political and legal uncertainties beyond our control and require the expenditure of significant amounts of capital. Any projects we undertake may not be completed on schedule at the budgeted cost, or at all. Moreover, our revenues may not increase immediately upon the expenditure of funds on a particular project. For instance, if we expand a gathering system, the construction may occur over an extended period of time, and we will not receive any material increases in revenues until the project is completed. Moreover, we may construct facilities to capture anticipated future growth in production in a region in which growth does not materialize. Since we are not engaged in the exploration for and development of natural gas reserves, we often do not have access to estimates of potential reserves in an area before constructing facilities in the area. To the extent we rely on estimates of future production in our decision to construct additions to our systems, the estimates may prove to be inaccurate because there are numerous uncertainties inherent in estimating quantities of future production. As a result, new facilities may not be able to attract enough throughput to achieve our expected investment return, which could impair our results of operations and financial condition. In addition, our actual revenues from a project could materially differ from expectations as a result of the price of natural gas, the NGL content of the natural gas processed and other economic factors described in this section.

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We recently completed construction of our Sweetwater natural gas processing plant, from which we expect to generate additional incremental cash flow. We also continue to expand the natural gas gathering system surrounding Sweetwater in order to maximize its plant operating capacity. In addition to the risks discussed above, expected incremental revenue from the Sweetwater natural gas processing plant could be reduced or delayed due to the following reasons:

difficulties in obtaining equity or debt financing for construction and operating costs;

difficulties in obtaining permits or other regulatory or third party consents;

construction and operating costs exceeding budget estimates;

revenue being less than expected due to lower commodity prices or lower demand;

difficulties in obtaining consistent supplies of natural gas; and

terms in operating agreements that are not favorable to us.

***If we are unable to obtain new rights-of-way or the cost of renewing existing rights-of-way increases, then we may be unable to fully execute our growth strategy and our cash flows could be reduced.***

The construction of additions to our existing gathering assets may require us to obtain new rights-of-way before constructing new pipelines. We may be unable to obtain rights-of-way to connect new natural gas supplies to our existing gathering lines or capitalize on other attractive expansion opportunities. Additionally, it may become more expensive for us to obtain new rights-of-way or to renew existing rights-of-way. If the cost of obtaining new rights-of-way or renewing existing rights-of-way increases, then our cash flows could be reduced.

***Regulation of our gathering operations could increase our operating costs, decrease our revenues, or both.***

Currently our gathering of natural gas from wells is exempt from regulation under the Natural Gas Act of 1938. However, the implementation of new laws or policies, or interpretations of existing laws, could subject us to regulation by FERC under the Natural Gas Act. We expect that any such regulation would increase our costs, decrease our gross margin and cash flows, or both.

FERC regulation will still affect our business and the market for our products. FERC's policies and practices affect a range of our natural gas pipeline activities, including, for example, its policies on open access transportation, ratemaking, capacity release, and market center promotion, which indirectly affect intrastate markets. In recent years, FERC has pursued pro-competitive policies in its regulation of interstate natural gas pipelines. However, we cannot assure you that FERC will continue this approach as it considers matters such as pipeline rates and rules and policies that may affect rights of access to natural gas transportation capacity.

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Other state and local regulations will also affect our business. Matters subject to regulation include rates, service and safety. Our gathering lines are subject to ratable take and common purchaser statutes in Texas and Oklahoma. Ratable take statutes generally require gatherers to take, without undue discrimination, natural gas production that may be tendered to the gatherer for handling. Similarly, common purchaser statutes generally require gatherers to purchase without undue discrimination as to source of supply or producer. These statutes restrict our right as an owner of gathering facilities to decide with whom we contract to purchase or transport natural gas.

Federal law leaves any economic regulation of natural gas gathering to the states. Texas and Oklahoma have adopted complaint-based regulation of natural gas gathering activities, which allows natural gas producers and shippers to file complaints with state regulators in an effort to resolve grievances relating to natural gas gathering access and, in Texas and Oklahoma, with respect to rate discrimination. Should a complaint be filed or regulation by the Texas Railroad Commission or Oklahoma Corporation Commission become more active, our revenues could decrease.

Increased regulatory requirements relating to the integrity of the Ozark Transmission pipeline will require it to spend additional money to comply with these requirements. Ozark Gas Transmission is subject to extensive laws and regulations related to pipeline integrity. For example, federal legislation signed into law in December 2002 includes guidelines for the U.S. Department of Transportation and pipeline companies in the areas of testing, education, training and communication. Compliance with existing and recently enacted regulations requires significant expenditures. Additional laws and regulations that may be enacted in the future, such as U.S. Department of Transportation implementation of additional hydrostatic testing requirements, could significantly increase the amount of these expenditures.

***Ozark Gas Transmission is subject to FERC rate-making policies that could have an adverse impact on our ability to establish rates that would allow us to recover the full cost of operating the pipeline.***

Rate-making policies by FERC could affect Ozark Gas Transmission's ability to establish rates, or to charge rates that would cover future increases in its costs, or even to continue to collect rates that cover current costs. Natural gas companies may not charge rates that have been determined not to be just and reasonable by FERC. The rates, terms and conditions of service provided by natural gas companies are required to be on file with FERC in FERC-approved tariffs. Pursuant to FERC's jurisdiction over rates, existing rates may be challenged by complaint and proposed rate increases may be challenged by protest. We cannot assure you that FERC will continue to pursue its approach of pro-competitive policies as it considers matters such as pipeline rates and rules and policies that may affect rights of access to natural gas capacity and transportation facilities. Any successful complaint or protest against Ozark Gas Transmission's rates could reduce our revenues associated with providing transmission services. We cannot assure you that we will be able to recover all of Ozark Gas Transmission's costs through existing or future rates.

***Ozark Gas Transmission is subject to regulation by FERC in addition to FERC rules and regulations related to the rates it can charge for its services.***

FERC's regulatory authority also extends to  
operating terms and conditions of service;

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the types of services Ozark Gas Transmission s may offer to its customers;

construction of new facilities;

acquisition, extension or abandonment of services or facilities;

accounts and records; and

relationships with affiliated companies involved in all aspects of the natural gas and energy businesses.

FERC action in any of these areas or modifications of its current regulations can impair Ozark Gas Transmission s ability to compete for business, the costs it incurs in its operations, the construction of new facilities or its ability to recover the full cost of operating its pipeline. For example, the development of uniform interstate gas quality standards by FERC could create two distinct markets for natural gas an interstate market subject to uniform minimum quality standards and an intrastate market with no uniform minimum quality standards. Such a bifurcation of markets could make it difficult for our pipelines to compete in both markets or to attract gas supplies away from the intrastate market. The time FERC takes to approve the construction of new facilities could raise the costs of our projects to the point where they are no longer economic.

FERC has authority to review pipeline contracts. If FERC determines that a term of any such contract deviates in a material manner from a pipeline s tariff, FERC typically will order the pipeline to remove the term from the contract and execute and refile a new contract with FERC or, alternatively, to amend its tariff to include the deviating term, thereby offering it to all shippers. If FERC audits a pipeline s contracts and finds deviations that appear to be unduly discriminatory, FERC could conduct a formal enforcement investigation, resulting in serious penalties and/or onerous ongoing compliance obligations.

Should Ozark Gas Transmission s fail to comply with all applicable FERC administered statutes, rules, regulations and orders, it could be subject to substantial penalties and fines. Under the recently enacted Energy Policy Act of 2005, FERC has civil penalty authority under the Natural Gas Act to impose penalties for current violations of up to \$1,000,000 per day for each violation.

Finally, we cannot give any assurance regarding the likely future regulations under which we will operate Ozark Gas Transmission or the effect such regulation could have on our business, financial condition, results of operations and ability to service the notes.

***Compliance with pipeline integrity regulations issued by the United States Department of Transportation and state agencies could result in substantial expenditures for testing, repairs and replacement.***

United States Department of Transportation and state agency regulations require pipeline operators to develop integrity management programs for transportation pipelines located in high consequence areas. The regulations require operators to:

perform ongoing assessments of pipeline integrity;

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identify and characterize applicable threats to pipeline segments that could impact a high consequence area;

improve data collection, integration and analysis;

repair and remediate the pipeline as necessary; and

implement preventative and mitigating actions.

We do not believe that the cost of implementing integrity management program testing along segments of our pipeline will have a material effect on our results of operation. This does not include the costs, if any, of any repair, remediation, preventative or mitigating actions that may be determined to be necessary as a result of the testing program, which costs could be substantial.

***Our midstream natural gas operations may incur significant costs and liabilities resulting from a failure to comply with new or existing environmental regulations or a release of hazardous substances into the environment.***

The operations of our gathering systems, plant and other facilities are subject to stringent and complex federal, state and local environmental laws and regulations. These laws and regulations can restrict or impact our business activities in many ways, including restricting the manner in which we dispose of substances, requiring remedial action to remove or mitigate contamination, and requiring capital expenditures to comply with control requirements. Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements, and the issuance of orders enjoining future operations. Some environmental statutes impose strict, joint and several liability for costs required to clean up and restore sites where substances and wastes have been disposed or otherwise released. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of substances or wastes into the environment.

There is inherent risk of the incurrence of environmental costs and liabilities in our business due to our handling of natural gas and other petroleum products, air emissions related to our operations, historical industry operations including releases of substances into the environment, and waste disposal practices. For example, an accidental release from one of our pipelines or processing facilities could subject us to substantial liabilities arising from environmental cleanup, restoration costs and natural resource damages, claims made by neighboring landowners and other third parties for personal injury and property damage, and fines or penalties for related violations of environmental laws or regulations. Moreover, the possibility exists that stricter laws, regulations or enforcement policies could significantly increase our compliance costs and the cost of any remediation that may become necessary. We may not be able to recover some or any of these costs from insurance.

***We may not be able to execute our growth strategy successfully.***

Our strategy contemplates substantial growth through both the acquisition of other gathering systems and processing assets and the expansion of our existing gathering systems and processing assets. Our growth strategy involves numerous risks, including:

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we may not be able to identify suitable acquisition candidates;

we may not be able to make acquisitions on economically acceptable terms for various reasons, including limitations on access to capital and increased competition for a limited pool of suitable assets;

our costs in seeking to make acquisitions may be material, even if we cannot complete any acquisition we have pursued;