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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): November 14, 2005

CROSSTEX ENERGY, L.P.
(Exact name of registrant as specified in its charter)

DELAWARE	**000-50067**	**16-1616605**
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

2501 CEDAR SPRINGS, SUITE 100 DALLAS, TEXAS	**75201**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(214) 953-9500**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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EXPLANATORY NOTE

On November 14, 2005, Crosstex Energy, L.P. (the "Partnership") filed with the Securities and Exchange Commission (the "SEC") a preliminary prospectus supplement that is subject to completion dated November 14, 2005 (the "Prospectus Supplement") relating to an underwritten offering by the Partnership of up to 3,500,000 common units representing limited partner interests of the Partnership (excluding the underwriters' option to purchase an additional 525,000 common units representing limited partner interests).

The information included under Item 8.01 of this Current Report reflects a series of excerpts from the Prospectus Supplement. References in the following excerpts to "the offering" or "this offering" refer to such underwritten offering of common units.

The press release announcing the offering is filed as an Exhibit to this Current Report on Form 8-K.

In addition, the audited balance sheet of Crosstex Energy GP, L.P., the general partner of the Partnership, and the related notes thereto are filed as an Exhibit to this Current Report on Form 8-K.

Item 7.01 Regulation FD Disclosure.

On November 14, 2005, the Partnership issued a press release announcing that it has filed with the SEC a preliminary prospectus supplement for an underwritten offering of up to 3,500,000 common units representing limited partner interests of the Partnership. A copy of the press release is furnished as an Exhibit to this Current Report on Form 8-K. In accordance with General Instruction B.2. of Form 8-K, the information set forth in this Item 7.01 and in the attached Exhibit 99.2 are deemed to be furnished and shall not be deemed to be "filed" for purposes of the Securities Exchange Act of 1934, as amended.

Item 8.01 Other Events

Business Strategy

Our strategy is to increase distributable cash flow per unit by making accretive acquisitions of assets that are essential to the production, transportation, and marketing of natural gas; improving the profitability of our owned assets by increasing their utilization while controlling costs; accomplishing economies of scale through new construction or expansion in core operating areas; and maintaining financial flexibility to take advantage of opportunities. We will also build new assets in response to producer and market needs, such as our North Texas Pipeline project discussed below. We believe the expanded scope of our operations, combined with a continued high level of drilling in our principal geographic areas, should present opportunities for continued expansion in our existing areas of operation as well as opportunities to acquire or develop assets in new geographic areas that may serve as a platform for future growth. Key elements of our strategy include the following:

- *Pursuing accretive acquisitions.* We intend to use our acquisition and integration experience to continue to make strategic acquisitions of midstream assets that offer the opportunity for operational efficiencies and the potential for increased utilization and expansion of the acquired asset. We pursue acquisitions that we believe will add to existing core areas in order to capitalize on our existing infrastructure, personnel, and producer and consumer relationships. For example, we believe the El Paso Acquisition will complement our existing asset base in Louisiana and lead to asset optimization and cost savings opportunities. We also examine opportunities to establish new core areas in regions with significant natural gas reserves and high levels of drilling activity or with growing demand for natural gas. We plan to establish new core areas primarily through the acquisition or development of key assets that will serve as a platform for further growth both through additional acquisitions and the construction of new assets. We established new core areas through the acquisition of the Mississippi pipeline system in 2003 and the acquisition of LIG Pipeline Company and its subsidiaries, which we collectively refer to as LIG, in 2004. The principal assets acquired in the LIG acquisition consist of approximately 2,000 miles of gas gathering and transmission systems and five processing plants (including three idle plants) located in Louisiana.

- *Improving existing system profitability.* After we acquire or construct a new system, we begin an aggressive effort to market services directly to both producers and end users in order to connect new supplies of natural gas, improve margins and more fully utilize the system's capacity. Many of our recently acquired systems have excess capacity that provide us opportunities to increase throughput with minimal incremental cost. As part of this process, we focus on providing a full range of services to small and medium size independent producers and end users, including supply aggregation, transportation and hedging, which we believe provides us with a competitive advantage when we compete for sources of natural gas supply. Since treating services are not provided by many of our competitors, we have an additional advantage in competing for new supply when gas requires treating to meet pipeline specifications. Additionally, we emphasize increasing the percentage of our natural gas sales directly to end users, such as industrial and utility consumers, in an effort to increase our operating margins. As an example, we have increased throughput on our LIG system to an average of approximately 616,000 MMBtu/d for the nine months ended September 30, 2005 from 580,000 MMBtu/d on April 1, 2004 when we acquired LIG.

- *Undertaking construction and expansion opportunities.* We leverage our existing infrastructure and producer and customer relationships by constructing and expanding systems to meet new or increased demand for our gathering, transmission, treating, processing and marketing services. These projects include expansion of existing systems and construction of new facilities, which has driven the growth of the Treating division in recent years. In February 2005, we announced a new 122-mile pipeline construction project to transport gas from an area near Fort Worth, Texas, where recent drilling activity in the Barnett Shale formation has expanded production beyond the existing infrastructure capability. We refer to this project as our North Texas Pipeline project and expect that it will commence operations in the first quarter of 2006. Once completed, the pipeline will allow curtailed gas to flow to markets that are currently not available to some key Barnett Shale producers.

Competitive Strengths

We believe that we are well positioned to compete in the natural gas gathering, transmission, treating, processing and liquids businesses. Our competitive strengths include:

- *Strategic position in Louisiana, the Texas Gulf Coast and Mississippi.* With our acquisition of El Paso's natural gas processing and liquids in South Louisiana, we substantially expanded our core area in Louisiana. All of our processing capacity and approximately 90% of our total gathering and transmission pipeline miles are located in Louisiana, Texas Gulf Coast and south-central Mississippi. These regions are characterized by consistently high levels of drilling activity, which provide us with significant opportunities to access newly developed gas supplies. In addition, the El Paso acquisition allows us the opportunity to participate in the growing development of deepwater Gulf of Mexico reserves.

- *Strategic asset base provides opportunities for synergistic growth through organic development.* As our asset base has expanded and our financial capability has increased, we have more opportunity to develop new projects that will benefit from our existing footprint. In addition, we believe our extensive inventory of treating plants gives us an advantage in competing for new business since we can often have a plant in service faster than our competitors.

- *Range of services.* We offer a full range of midstream services to natural gas producers, including gathering, transmission, treating, processing and marketing. In addition, as a component of our producer services business, we purchase natural gas for sale to others, and, in doing so, provide risk management opportunities to natural gas producers. We believe this full range of services gives us advantages in competing for new business because we can provide substantially all the services a producer requires to get its production of natural gas to market, as compared to our competitors who often do not provide a full range of services. In addition, we provide a full range of services to natural gas buyers, including an aggregated supply of natural gas, load balancing and price risk management, which allows buyers to find a significant volume of natural gas that meets their requirements without having to negotiate with multiple producers.

- *Proven acquisition and development expertise.* Since January 2000, we have acquired and integrated 18 operations with an aggregate purchase price of approximately $719 million. Our management team's significant industry contacts have enabled us to become aware of, and gain access to, strategic acquisition opportunities. We intend to use our experience and reputation in strategically acquiring assets to continue to grow through accretive acquisitions, focusing on opportunities in which we see potential to improve throughput volumes and cash flows through marketing and new construction and expansion projects. In addition, we have invested in excess of $185 million in our construction and expansion projects from January 2000 through September 30, 2005.

- *Flexible financial structure.* We have a $750.0 million senior secured credit facility, more than $300 million of which will be available upon the closing of this offering. We believe the available capacity under our credit facility, combined with our ability to access the capital markets, should provide us with a flexible financial structure that will facilitate our expansion and acquisition strategy.

- *Experienced and motivated management.* Our management team's extensive experience and contacts within the midstream industry provides a strong foundation for managing and enhancing our operations, for accessing strategic acquisition opportunities and for constructing new assets. Our senior management team has an average of over 20 years of industry experience primarily with the type of assets and the markets in which we currently operate.

EL PASO ACQUISITION

Overview of the El Paso Acquisition

On November 1, 2005, we acquired El Paso Corporation's natural gas processing and liquids business in South Louisiana for approximately $486.4 million. The assets acquired include a total of 2.3 Bcf/d of processing capacity, 66,000 barrels per day of fractionation capacity, 2.4 million barrels of underground storage and 140 miles of liquids transport lines. We believe the El Paso Acquisition will provide us with several key strategic benefits, including:

- the opportunity to participate in the growing development of deepwater Gulf of Mexico reserves;
- the opportunity to establish a significant presence in the natural gas liquids marketing business;
- the opportunity to realize operating efficiencies with our existing asset base in Louisiana, including the ability to shift processing from some of our plants acquired with the LIG system to plants acquired from El Paso that have additional capacity, reducing our overall operating costs and freeing certain LIG assets to be redeployed to underserved markets; and
- a larger business platform from which we can grow our midstream operations.

The primary facilities and other assets we acquired consist of:

- *Eunice Processing Plant and Fractionation Facility.* The Eunice facilities are located near Eunice, Louisiana. The Eunice processing plant has a capacity of 1.2 Bcf/d and was processing in excess of 787 million cubic feet per day ("MMcf /d") for the nine months ended September 30, 2005. The plant is connected to onshore, continental shelf and deepwater gas production and has downstream connections to the ANR Pipeline, Florida Gas Transmission and Texas Gas Transmission. As of September 30, 2005, the Eunice plant was serving 44 gas processing customers. Approximately 61% of the contracts with these customers are on a percentage of proceeds basis and the remaining 39% of such contracts are fee-based. The Eunice fractionation facility has a capacity of 36,000 barrels per day of liquid products. This facility also has 190,000 barrels of above ground storage capacity. The fractionation facility produces propane, iso-butane, normal butane and natural gasoline for customers such as Westlake, Econogas, Dufour, Ferrell Gas, Hercules and Marathon. The fractionation facility is directly connected to the Southeast propane market and pipelines to the Anse La Butte storage facility. In connection with the acquisition of this facility, we also acquired a three-year storage agreement with the Anse La Butte facility.
- *Pelican Processing Plant.* The Pelican processing plant complex is located in Patterson, Louisiana. The Pelican plant expansion was completed in September 2005. The expansion doubled the designed capacity of the plant from 300 MMcf /d to 600 MMcf /d. For the nine months ended September 30, 2005, the plant was processing approximately 311 MMcf /d. The Pelican plant was serving 37 gas processing customers as of September 30, 2005. Approximately 67% of the contracts with such customers are on a percentage of proceeds basis and 33% of such contracts are fee-based. The Pelican plant is connected with continental shelf and deepwater production and has downstream connections to the ANR Pipeline.
- *Sabine Pass Processing Plant.* The Sabine Pass processing plant is located 15 miles east of the Sabine River at Johnson's Bayou, Louisiana and has a processing capacity of 300 MMcf /d. For the nine months ended September 30, 2005, this facility was processing approximately 235 MMcf /d. The Sabine Pass plant is connected to continental shelf and deepwater gas production with downstream connections to Florida Gas Transmission, Tennessee Gas Pipeline and Transco. As of September 30, 2005, the Sabine Pass facility was serving approximately 26 gas producing customers. Approximately 69% of the contracts with such customers are on a percentage of proceeds basis. The remaining 31% of such contracts are fee-based.
- *Blue Water Gas Processing Plant.* We acquired a 23.85% interest in the Blue Water gas processing plant, which represents net capacity to the acquired interest of 186 MMcf /d, of which approximately

52 MMcf /d was being used for the nine months ended September 30, 2005. The Blue Water plant is located near Crowley, Louisiana and is operated by ExxonMobil. The Blue Water facility is connected to continental shelf and deepwater production volumes through the Blue Water pipeline system. Downstream connections from this plant include the Tennessee Gas Pipeline and Columbia Gulf. The facility also performs LNG conditioning services for the Excelerate Energy LNG tanker unloading facility. As of September 30, 2005, the Blue Water facility served approximately 14 gas producing customers. All of the contracts with such customers are on a percentage of proceeds basis.

- *Riverside Fractionation Plant.* The Riverside fractionator and loading facility is located on the Mississippi River upriver from Geismar, Louisiana. The Riverside plant has a fractionation capacity of 28,000 to 30,000 barrels per day of liquids products and fractionates liquids delivered by the Cajun Sibon pipeline system from the Pelican, Blue Water and Cow Island plants or by truck. The Riverside facility has above ground storage capacity of approximately 102,000 barrels.
- *Napoleonville Storage Facility.* The Napoleonville natural gas liquid storage facility is connected to the Riverside facility and has a total capacity of 2.4 million barrels of underground storage.
- *Cajun Sibon Pipeline System.* The Cajun Sibon pipeline system consists of 140 miles of 6-inch and 8-inch pipelines with a system capacity of 28,000 Bbls /day. The pipeline transports raw make from the Pelican Complex and the Blue Water Plant to either the Riverside Fractionator or the Napoleonville storage facility. Alternate deliveries can be made to the Eunice Plant.

Hurricane Rita struck the Gulf Coast of Texas and Louisiana the last week of September 2005 causing minor damage to the Sabine Pass processing plant. El Paso bore the costs of the repairs to this plant, which is now complete, and the facility is expected to recommence operations by the end of November 2005. All other facilities were operational after minor clean-up from the storms, although throughput has not yet returned to pre-storm levels.

These facilities are well positioned to continue to benefit from their proximity to the high activity central and western Gulf of Mexico production areas. Gulf of Mexico production is expected to remain a vital source of natural gas supply for the United States, accounting for 19% to 21% of estimated natural gas consumption between 2004 and 2013 according to the MMS. Furthermore, deepwater production is expected to increase significantly over the next decade. These expected increases are primarily related to large-scale development projects that continue to benefit from technological advances, royalty relief and strong commodity prices.

We estimate that deepwater inlet volumes processed at these facilities will increase from approximately 25% to 50% of total gas processed within the next five years. The majority of gas produced in the deepwater is associated gas produced from oil wells, which results in a gas stream that is richer in liquifiable hydrocarbons (approximately two to three times the concentration of typical continental shelf gas). Given the “rich” nature of deepwater gas production and its significant expected growth, the acquired assets strategic location offers a unique opportunity to benefit from increasing gallons of NGLs available for recovery.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

EXHIBIT NUMBER		DESCRIPTION
23.1	—	Consent of KPMG, LLP.
99.1	—	Audited Balance Sheet of Crosstex Energy GP, L.P.
99.2	—	Press Release issued November 14, 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CROSSTEX ENERGY, L.P.

By: Crosstex Energy GP, L.P., its General Partner

By: Crosstex Energy GP, LLC, its General Partner

Date: November 15, 2005

By: /s/ William W. Davis
William W. Davis
Executive Vice President and
Chief Financial Officer

INDEX TO EXHIBITS

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Partners of
Crosstex Energy, L.P.:

We consent to the incorporation by reference in the registration statements on Forms S-8 (Nos. 333-107025 and 333-127645) and Forms S-3 (Nos. 333-128282 and 333-116538) of Crosstex Energy, L.P. of our report dated November 11, 2005, with respect to the balance sheet of Crosstex Energy GP, L.P. as of December 31, 2004, which report appears herein this Form 8-K of Crosstex Energy, L.P.

KPMG LLP

Dallas, Texas
November 14, 2005

Exhibit 99.1

INDEPENDENT AUDITORS' REPORT

The Partners of
Crosstex Energy GP, L.P.:

We have audited the accompanying balance sheet of Crosstex Energy GP, L.P. as of December 31, 2004. This financial statement is the responsibility of the Partnership's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit of a balance sheet includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet. An audit of a balance sheet also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit of the balance sheet provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Crosstex Energy GP, L.P. as of December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

KPMG LLP

Dallas, Texas
November 11, 2005

CROSSTEX ENERGY GP, L.P.

Balance Sheets

December 31, 2004 and September 30, 2005 (Unaudited)

(In thousands)

	September 30, 2005 (Unaudited)	December 31, 2004
ASSETS		
Cash	$ 1	$ 1
Total current assets	1	1
Investment in Crosstex Energy, L.P.	5,384	4,078
Total assets	$ 5,385	$ 4,079
PARTNERS' EQUITY		
Partners' equity	$ 5,385	$ 4,079
Total partners' equity	$ 5,385	$ 4,079

See accompanying notes to balance sheets.

CROSSTEX ENERGY GP, L.P.
Notes to Balance Sheets
December 31, 2004 and September 30, 2005 (Unaudited)

(1) Organization

(a) Organization

Crosstex Energy GP, L.P. (the "General Partner") is a Delaware limited partnership formed on July 12, 2002, to become the General Partner of Crosstex Energy, L.P. ("CELP") The General Partner is an indirect wholly-owned subsidiary of Crosstex Energy, Inc. The General Partner owns a 2% general partner interest in CELP.

(2) Significant Accounting Policies

(a) Cash and Cash Equivalents

The General Partner considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(b) Federal Income Taxes

No provision is made in the accounts of the General Partner for federal or state income taxes because such taxes are liabilities of the individual partners, and the amounts thereof depend upon their respective tax situations. The tax returns and amounts of allocable General Partner revenues and expenses are subject to examination by federal and state taxing authorities. If such examinations result in changes to allocable General Partner revenues and expenses, the tax liability of the Partners could be changed accordingly.

(c) Management's Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management of the General Partner to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

(d) Cash Distributions

In accordance with the partnership agreement, CELP must make distributions of 100% of available cash, as defined in the partnership agreement within 45 days following the end of each quarter. Distributions will generally be made 98% to the common and subordinated unitholders (other than the senior subordinated unitholders) and 2% to the General Partner, subject to the payment of incentive distributions to the extent that certain target levels of cash distributions are achieved. Under the incentive distribution provisions, generally the General Partner is entitled to 13% of amounts CELP distributes in excess of $0.25 per unit, 23% of the amounts CELP distributes in excess of $0.3125 per unit and 48% of amounts CELP distributes in excess of $0.375 per unit.

(e) New Accounting Pronouncements

In December 2004, the FASB issued SFAS No. 123 (Revised 2004), *Share-Based Payment* (SFAS No. 123R), which requires that compensation related to all stock-based awards, including stock options, be recognized in the financial statements. This pronouncement replaces SFAS No. 123, *Accounting for Stock-Based Compensation,* and supersedes APB Opinion No. 25, *Accounting for Stock Issued to Employees* and will be effective beginning January 1, 2006. We have previously recorded stock compensation pursuant to the intrinsic value method under APB No. 25, whereby no compensation was recognized for most stock option awards. We expect that stock option grants will continue to be a significant part of employee compensation, and therefore SFAS No. 123R will impact our financial statements. We reviewed the impact of SFAS No. 123R and we believe that the pro forma effect of recording compensation for all stock awards at fair value utilizing the Black-Scholes method for the three and nine months ended September 30, 2005 and 2004 presented in Note 1(b) above is not materially different.

In March 2005, the FASB issued Interpretation No. 47, *"Accounting for Conditional Asset Retirement Obligations"* (FIN 47). FIN 47 clarifies that the term "conditional asset retirement obligation" as used in FASB Statement No. 143, *"Accounting for Asset Retirement Obligations"*, refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Since the obligation to perform the asset retirement activity is unconditional, FIN 47 provides that a liability for the fair value of a conditional asset retirement obligation should be recognized if that fair value can be reasonably estimated, even though uncertainty exists about the timing and/or method of settlement. FIN 47 also clarifies when an entity would have sufficient information to reasonably estimate the fair value of an asset retirement obligation under FASB Statement No. 143. FIN 47 is effective at December 31, 2005, and is not expected to affect the Partnership's financial position or results of operations.

In June 2005 the FASB ratified EITF Issue 04-5, a framework for addressing when a limited partnership should be consolidated by its general partner. The framework presumes that a sole general partner in a limited partnership controls the limited partnership, and therefore should consolidate the limited partnership. The presumption of control can be overcome if the limited partners have (a) the substantive ability to remove the sole general partner or otherwise dissolve the limited partnership or (b) substantive participating rights. The EITF reached a conclusion on the circumstances in which either kick-out rights or participating rights would be considered substantive and preclude consolidation by the general partner. The EITF concluded that for kick-out rights to be considered substantive, the conditions specified in paragraph B20 of FIN 46R should be met. With regard to the definition of participating rights that would preclude consolidation by the general partner, the EITF concluded that the definition of those rights should be consistent with those in EITF Issue 96-16. The EITF also reached a conclusion on the transition for Issue 04-05, which is effective to the Partnership on January 1, 2006. This EITF will have a material impact on our financial statements because it will require the consolidation of CELP.

(Continued)

(3) Investment in Crosstex Energy, L.P.

At December 31, 2004 and September 30, 2005, the General Partner's 2% interest in CELP is the General Partner's only unconsolidated affiliate. The 2% interest is accounted for by the equity method. The following is the condensed balance sheet data for CELP (in thousands):

	September 30, 2005 (Unaudited)	December 31, 2004
ASSETS		
Current assets	$ 359,746	$ 248,162
Property and equipment, net	370,405	324,730
Fair value of derivative assets	9,132	166
Intangible assets, net	4,650	5,155
Goodwill, net	6,568	4,873
Investment in limited partnerships	-	-
Other assets, net	4,290	3,685
Total assets	$ 754,791	$ 586,771
LIABILITIES AND PARTNERS' EQUITY		
Current liabilities	$ 400,976	$ 282,886
Long-term debt	176,482	148,650
Deferred tax liability	7,720	8,005
Minority interest	4,663	3,046
Fair value of derivative liabilities	3,432	134
Partners' equity	161,518	144,050
Total liability and partners' equity	$ 754,791	$ 586,771

(4) General Partner Liability

Unitholders do not directly or indirectly participate in the management or operation of CELP. As the General Partner of CELP, we owe a fiduciary duty to the unitholders as limited by the partnership agreement. We are liable for all of CELP's debts (to the extent not paid from CELP's assets), except for indebtedness or other obligations that are made specifically non-recourse to us. Whenever possible, we intend to incur indebtedness or obligations on a non-recourse basis.

(Continued)

(5) Commitments and Contingencies

(a) Employment Agreements

Each member of executive management of CELP is a party to an employment contract with the Partnership. The employment agreements provide each member of senior management with severance payments in certain circumstances and prohibit each such person from competing with the Partnership or its affiliates for a certain period of time following the termination of such person's employment.

(b) Environmental Issues

CELP acquired assets from Duke Energy Field Services, or DEFS, in June 2003 that have environmental contamination, including a gas plant in Montgomery County near Conroe, Texas. At Conroe, contamination from historical operations has been identified at levels that exceed the applicable state action levels. Consequently, site investigation and/or remediation are underway to address those impacts. The estimated remediation cost for the Conroe plant site is currently estimated to be approximately $3.2 million. Under the purchase agreement, DEFS has retained liability for cleanup of the Conroe site. Moreover, a third-party company has assumed the remediation costs associated with the Conroe site. Therefore, the Partnership does not expect to incur any material environmental liability associated with the Conroe site.

CELP acquired LIG Pipeline Company and its subsidiaries on April 1, 2004. Contamination from historical operations was identified during due diligence at a number of sites owned by the acquired companies. The seller, AEP, has indemnified CELP for these identified sites. Moreover, AEP has entered into an agreement with a third-party company pursuant to which the remediation costs associated with these sites have been assumed by this third-party company that specializes in remediation work. CELP does not expect to incur any material liability with these sites. In addition, CELP has disclosed possible Clean Air Act monitoring deficiencies it discovered to the Louisiana Department of Environmental Quality and is working with the department to correct these deficiencies and to address modifications to facilities to bring them into compliance. CELP does not expect to incur any material environmental liability associated with these issues.

(c) Other

In May 2003, four landowner groups filed suit against us in the 267th Judicial District Court in Victoria County, Texas seeking damages related to the expiration of an easement for a segment of one of our pipelines located in Victoria County, Texas. In 1963, the original owners of the land granted an easement for a term of 35 years, and the prior owner of the pipeline failed to renew the easement. CELP filed a condemnation counterclaim in the district court suit and it filed, in a separate action in the county court, a condemnation suit seeking to condemn a 1.38-mile long easement across the land. Pursuant to condemnation procedures under the Texas Property Code, three special commissioners were appointed to hold a hearing to determine the amount of the landowner's damages. In August 2004, a hearing was held and the special commissioners awarded damages to the current landowners in the amount of $877,500. CELP has timely objected to the award of the special commissioners and the condemnation case will now be tried in the county court. The damages awarded by the special commissioners will have no effect on and cannot be introduced as evidence in the trial. The county court will determine the amount that CELP will pay the current landowners for an easement across their land and will determine whether or not and to what extent the current landowners are entitled to recover any damages for the time period that there was not an easement for the pipeline on their land. Under the Texas Property Code, in order to maintain possession of and continued use of the pipeline until the matter has been resolved in the county court, CELP was required to post bonds and cash, each totaling the amount of $877,500, which is the amount of the special commissioners award. The deposit of $877,500 is reflected in current assets as of September 30, 2005. CELP is not able to predict the ultimate outcome of this matter.

(6) Subsequent Events

On November 1, 2005 CELP acquired El Paso Corporation's processing and liquids business in South Louisiana for $486 million. The assets acquired include 2.3 billion cubic feet per day of processing capacity, 66,000 barrels per day of fractionation capacity, 2.4 million barrels of underground storage and 400 miles of liquids transport lines. The primary facilities and other assets CELP acquired consist of: (1) the Eunice processing plant and fractionation facility; (2) the Pelican processing plant; (3) the Sabine Pass processing plant; (4) a 23.85% interest in Blue Water gas processing plant; (5) the Riverside fractionator and loading facility; (6) the Cajun Sibon pipeline and (7) the Napoleonville natural gas liquid storage facility.

CELP financed the acquisition with borrowings of approximately $380 million under its bank credit facility, net proceeds of approximately $105 million from the private placement of Senior Subordinated Series B Units discussed below, and approximately $2 million of equity contributions from the Partnership. In connection with the acquisition, CELP amended its bank credit facility to, among other things, increase the borrowing capacity to $750 million of revolving credit borrowings.

On November 1, 2005, CELP sold 2,850,165 Senior Subordinated Series B Units in a private equity placement for net proceeds of approximately $107 million, including a $2 million capital contribution from the Partnership and expenses associated with the sale. The Senior Subordinated Series B Units will not participate in the third quarter distribution, and will convert to common units on a one-for-one basis on November 14, 2005. The placement closed concurrently with the closing of the purchase transaction of the El Paso assets and the proceeds were used to fund a portion of the transaction as discussed above.

Press Release

Crosstex Energy Announces Offering of Common Units

DALLAS, Nov. 14 /PRNewswire-FirstCall/ — Crosstex Energy, L.P. (Nasdaq: XTEX) (the Partnership) announced today that it has filed with the SEC a preliminary prospectus supplement for an offering of 3,500,000 common units representing limited partner interests. The Partnership also granted a 30-day option to the underwriters to purchase up to 525,000 additional common units.

The Partnership will use the net proceeds from this offering to repay a portion of the outstanding indebtedness under its credit facility. Borrowings under the credit facility during 2005 were used to refinance the Partnership's prior revolving credit facility and for capital projects and acquisitions, including the acquisition of El Paso Corporation's natural gas processing and liquids business in South Louisiana which closed on November 1.

Lehman Brothers Inc. is acting as sole book-running manager for the offering. The co-managing underwriters participating in the offering are A.G. Edwards & Sons, Inc., Goldman, Sachs & Co, Wachovia Capital Markets, LLC, Raymond James & Associates, Inc., RBC Capital Markets Corporation, KeyBanc Capital Markets, a division of McDonald Investments Inc., and Harris Nesbitt Corp. A copy of the preliminary prospectus supplement can be obtained from any of the underwriters, including Lehman Brothers, c/o ADP Financial Services, Integrated Distribution Services, 1155 Long Island Avenue, Edgewood, NY 11714, (631) 254-7106.

This press release does not constitute an offer to sell or a solicitation of an offer to buy the limited partner interests described in this press release, nor shall there be any sale of these limited partner units in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The offer is being made only through the prospectus as supplemented, which is part of a shelf registration statement that became effective on July 7, 2004.

Crosstex Energy, L.P., a mid-stream natural gas company headquartered in Dallas, operates over 5,000 miles of pipeline, nine processing plants, four fractionators and approximately 111 natural gas amine treating plants. Crosstex currently provides services for approximately 2.6 Bcf/day of natural gas.

Crosstex Energy, Inc. (Nasdaq: XTXI) owns the two percent general partner interest, a 44 percent limited partner interest, and the incentive distribution rights of Crosstex Energy, L.P.

Additional information about the Crosstex companies can be found at http://www.crosstexenergy.com.

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included herein constitute forward-looking statements. Although the company believes that the expectations reflected in the forward-looking statements are reasonable, it can give no assurance that such expectations will prove to be correct.