

FORM 4

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

OMB APPROVAL

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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(Print or Type Responses)

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person*
2. Issuer Name and Ticker or Trading Symbol
3. I.R.S. Identification Number of Reporting Person, if an entity (voluntary)
4. Statement for Month/Day/Year
5. If Amendment, Date of Original (Month/Day/Year)
6. Relationship of Reporting Person(s) to Issuer
7. Individual or Joint/Group Filing

Table I — Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

Table with 7 columns: Title of Security, Transaction Date, Deemed Execution Date, Transaction Code, Securities Acquired (A) or Disposed of (D), Amount of Securities Beneficially Owned, Ownership Form, Nature of Indirect Beneficial Ownership.

FORM 4 (Continued)

Table II — Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

Table with 6 columns: Title of Derivative Security, Conversion or Exercise Price of Derivative Security, Transaction Date, Deemed Execution Date, Transaction Code, Number of Derivative Securities Acquired (A) or Disposed of (D), Date Exercisable and Expiration Date.

7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Securities: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
Title	Amount or Number of Shares			
Common units representing limited partnership interests		28,002(3)	I	By Crosstex Energy Holdings Inc.(1)
Common units representing limited partnership interests	17,500	17,500	D	

Explanation of Responses:

- (1) William W. Davis is a Senior Vice President and Chief Financial Officer of Crosstex Energy GP, LLC, the general partner of Crosstex Energy, L.P., which is the general partner of the Issuer. Mr. Davis beneficially owns securities in Crosstex Energy Holdings Inc., representing approximately 0.6% of the voting power thereof. Crosstex Energy Holdings Inc., directly and indirectly, owns the general partner of the Issuer, which owns a 2% general partner interest in the Issuer. In addition, Crosstex Energy Holdings Inc. owns 333,000 of the Issuer's common units representing limited partner interests and 4,667,000 of the Issuer's subordinated units representing limited partnership interests. As a result, William W. Davis may be deemed to be the beneficial owner of a portion of the common units and subordinated units owned by Crosstex Energy Holdings Inc.
- (2) The common units representing limited partnership interests and subordinated units representing limited partnership interests were issued to Crosstex Energy Holdings Inc. upon the closing of the Issuer's initial public offering on December 17, 2002.
- (3) The subordination period will end once the financial tests are met in the Issuer's partnership agreement. When the subordination period ends, each remaining subordinated unit will convert into one common unit.
- (4) This option vests in three equal installments on December 17, 2003, 2004 and 2005.

/s/ William W. Davis

12/19/02

**Signature of Reporting Person

Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.