FINAL TRANSCRIPT

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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Crosstex Energy third-quarter 2009 earnings conference call. My name is Onika and I will be your operator for today. At this time, all participants are in the listen-only mode. We will have a question-and-answer session towards the end of the conference. (Operator Instructions). As a reminder, this conference call is being recorded for replay purposes.

At this time, I would now like to turn the call over to Ms. Jill McMillan of the Crosstex Energy.

Jill McMillan - *Crosstex Energy L.P. - Manager of Public and Industry Affairs*

Thank you, Onika, and good morning, everyone. Thank you for joining us today to discuss Crosstex third-quarter 2009 results. On the call today are Barry Davis, President and Chief Executive Officer; Bill Davis, Executive Vice President and Chief Financial Officer; and Bob Purgason, Executive Vice President and Chief Operating Officer. Our third-quarter 2009 earnings release was issued early this morning. For those of you who didn't receive a copy, it is available on our website at crosstexenergy.com. If you want to listen to a recording of today's call, you have 90 days to access a replay by phone or webcast on our website.

I will remind you that any statements that might include our expectations or predictions should be considered forward-looking statements within the meaning of the federal securities laws. Forward-looking statements are subject to a number of assumptions and uncertainties that may cause our actual results to differ materially from those expressed in these statements and we undertake no obligation to update or revise any forward-looking statements. We encourage you to review the cautionary statements and other disclosures made in our SEC filings, specifically those under the heading risk factors.

I will now turn the call over to Barry Davis.

Barry Davis - *Crosstex Energy L.P. - Chairman, President and CEO*

Thank you, Jill. Good morning and thank you all for joining us on the call today to discuss our third-quarter results.

Let me begin by saying that I am pleased with the great progress that we have made. We have continued to capitalize on the strategic position of our core assets. We also significantly reduced our debt and we have cut costs and increased operating efficiencies which have enhanced our margins and improved our overall operating results. We are also encouraged by the improvements we're starting to see in the industry, and the economy overall.

Last week the US drilling rig count rose to its highest level since March of this year. As drilling activity has increased in response to higher commodity prices, from a macro perspective, we continue to see improvements in the capital markets. The average credit spread for midstream high yield has continued to decline from highs earlier in the year. As the economy rebounds, we anticipate that natural gas and natural gas liquids prices will benefit, which we expect will support increased drilling activity.

We are also pleased with our third-quarter performance. Adjusted cash flow was $51 million, just shy of adjusted cash flow for the third quarter of 2008. We are generating this level of cash flow despite significantly lower NGL prices compared with the third quarter of 2008. We have implemented operating efficiencies, realigned our organization as a result of asset sales, and closely managed our costs. We have also begun to see the impact of recent high return projects around our core assets. This focus has generated significant incremental profits for the year.

Through the end of the third quarter, we have reduced operating expenses in G&A by approximately $13 million compared with the same period in 2008. On October 1, we announced the completion of the sale of our natural gas treating business to Kinder Morgan for $266 million. The proceeds from this sale were used to pay down an additional $260 million of the partnership's outstanding debt.

Crosstex entered the treating business in 1998 through a small acquisition of five employees and three aiming plants. We saw it at that time as an opportunity to serve a niche and to create a significant business. We steadily grew the business organically and through acquisitions to become the industry leader in the natural gas treating business by 2005. We are proud of the business that we built and the fact that we were able to sell this to a great company like Kinder Morgan.

The sale of our treating business, along with the recent sale of our Alabama, Mississippi, and South Texas assets and additional asset sales earlier this year, has reduced our outstanding debt by more than $550 million. This has allowed us to fully satisfy our target for debt reductions established in our facilities and has positioned us to refinance our business.

We continue to have ample liquidity to run our business with more than $200 million under our revolver at the end of the third quarter. We also ended the quarter at approximately 5.6 times debt to EBITDA, which is well below our covenant of 8.25 times.

Turning to our operations, we are continuing to take advantage of the low cost, high return opportunities in both North Texas, Barnett Shale, and in Louisiana in the Haynesville Shale, where our core midstream assets are strategically located.

In the Barnett Shale in North Texas, we are beginning to see the rig count increase, which demonstrates the high quality of this play. According to the Baker Hughes report, in late October the rig count in the Barnett Shale was approximately 75 active rigs compared with approximate a 70 active rigs at the end of the second quarter. And several producers have indicated and intend to increase their rigs in 2010.

While some producers have reduced their discretionary drilling this year, others have acquired sizable interest in the Barnett Shale and are carrying out their capital programs to develop acreage in the area. Again, we believe this demonstrates that the Barnett Shale remains a strong, stable, and desirable resource play.

Throughput on our North Texas pipeline for the quarter was 314,000 MMBTU per day, compared with 323,000 in the second quarter. This small decrease was probably caused by firm shippers electing not to utilize their fully contracted capacity. This did not have a significant impact on our financial results because we continued to collect demand fees for the reserve capacity.

Our gathering throughput in the Barnett Shale was reasonably stable during the third quarter at 794,000 MMBTU per day compared with 840,000 MMBTU per day in the second quarter. The reduction was largely due to the normal dynamics of volumes that have multiple interconnects and unplanned compression repairs on our system. We continue to expand volume growth in 2010 based on our conversations with producers.

Our natural gas process in the Barnett Shale during the third quarter 2009 averaged 220,000 MMBTU per day. The unplanned compression repairs I mentioned earlier also impacted our processing volumes. The NGL curtailments that impacted us in 2008 are no longer affecting our liquids takeaway capabilities and we are operating our North Texas processing plants at full recovery.

A new NGL pipeline interconnect with ONEOK's Arbuckle pipeline was completed and placed in service during the third quarter, increasing our liquids takeaway capacity and giving us access to improved product net backs.

To summarize, we are optimistic about the future of the Barnett and believe it will be one of the first areas to respond to additional improvements in the financial and commodity markets. Our assets are well positioned to benefit as this resource is developed over its life. We will continue to focus on optimizing our North Texas system and providing top quality cost-effective services for all of our customers in the area.

Moving now to Louisiana where we own and operate our LIG system, the largest intrastate pipeline in the state, which is strategically positioned to provide much-needed takeaway capacity for Haynesville Shale gas. In addition to the Haynesville, it gives Crosstex an important strategic presence along the Gulf Coast of Louisiana tying into significant resources onshore and offshore markets.

We saw strong LIG volumes in the third quarter. Throughput averaged approximately 898 million cubic feet a day compared with 925 million in the second quarter. The decrease in volumes was primarily related to less gas being transported due to reduced arbitrage opportunities and the result of tightening price spreads. However, this decrease in volumes did not have a significant impact on our gross margin due to the new Haynesville projects that have come online this year. Volumes are continuing at a good rate and we've seen growing interest from producers for further pipeline capacity expansions in the area.

Drilling in the Haynesville Shale remains strong with approximately 115 rigs running as of early November compared with approximately 80 rigs running in the second quarter of 2009. Drilling near our Red River pipeline system, which is an extension of our North LIG system, continues to be quite active.

We are continuing to work on growth projects to expand our capacity and leverage our Haynesville position. These projects include the construction of a new interconnect for deliveries into Tennessee gas pipeline and the Leger compressor station in Duson, Louisiana. Combined, these projects will allow us to receive an additional 70 million cubic feet a day from the Haynesville area to serve our industrial markets in Southern Louisiana.

In the aggregate, these projects will increase the total capacity of the Red River system to approximately 450 million cubic feet a day, which is fully contracted under firm transport agreements. We are also continuing to negotiate commercial commitments needed for an additional 75 million cubic feet a day phase 4 Red River expansion as we described to you last quarter. As part of the negotiations, we are evaluating a larger expansion of up to 150 million cubic feet a day.

As you can see, the strategic position of our LIG system relative to the Haynesville Shale play is continuing to provide great organic opportunities for growth.

In Southern Louisiana, we have made good progress to expand and improve our natural gas liquids business. We are seeing better results due to operational improvements, increased liquids prices, and higher processing margins compared with early 2009. Our processing volumes increased 12% from 686,000 MMBTU per day in the second quarter of 2009 to 769 MMBTU per day in the third quarter, reflecting restored production from last year's hurricanes. The largest package was at our Pelican plant, where the plant volumes increased substantially with the completion of repairs to the Anaconda system.

In October, we announced the acquisition of the Eunice natural gas processing plant and fractionation facility from Philip Morris for approximately $42 million, which includes $18 million of assumed debt. Previously we managed Eunice under an operating lease with Philip Morris. This transaction will allow us to further enhance operating efficiencies, thereby increasing the profitability of our NGLs business in the near term and we will be able to increase adjusted cash flow by approximately $12 million per year by simply eliminating the lease operating expense.

Ownership of the Eunice facility will allow us to make decisions and investments with a view toward long-term operations. We are currently evaluating projects to restart the idle Eunice fractionator.

Tight fractionation capacity at Mont Belvieu has led to an increase in truck and rail business and higher volumes at our Riverside fractionator. We are encouraged by the growth prospects for our NGLs business in the region as we look for solid fee-based projects that will give our South Louisiana assets greater earnings power.

In summary, we are pleased with the progress we've made to date both operationally and financially. Looking to 2010, we are focused on a refinancing plan with the goal of restoring the distribution and dividend to our unitholders and shareholders.

Now we will turn the call over to Bill to discuss our third-quarter financials results.

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

Thanks, Barry, and thanks to all of you for joining us on the call today. As always in our earnings release, we reconcile certain non-GAAP items which we will discuss in the call today to GAAP. Please refer to the earnings release for that reconciliation.

As Barry stated, we are pleased with the third-quarter results and continue to be pleased with the overall progress we are making. While our adjusted cash flow was slightly lower than the comparable period of 2008, this decrease was more than 100% attributable to the assets sold, as you can see reported as discontinued operations. The decrease from discontinued operations was partially offset by improved gross margin in the remaining businesses and reduced operating expense.

In our continuing operations, which have been adjusted in the financial statements to reflect the completion of the asset sales, the partnership's gross margin for the third quarter of 2009 increased to $81.2 million compared with $79.2 million in the third quarter of 2008.

The partnership continued to maintain its gross margins even though third-quarter 2009 weighted average natural gas liquids prices were $0.84 a gallon compared with $1.63 per gallon in the comparable 2008 period. The partnership continues to benefit from new fee-based projects such as Phase 3 of the Red River expansion, which enhanced capacity on the system by 100,000 MMBTU per day.

As a result of lower natural gas liquids prices, third-quarter 2009 processing margins for our Louisiana plants declined by approximately $4.8 million compared with the third quarter of 2008. This decline was offset by $5.9 million of greater margins through greater throughput on the partnership's gathering and transmission systems in the Haynesville Shale and the Barnett Shale.

The processing margin decrease was just related to the overall decrease in weighted average natural gas liquids prices. However, we've seen a firming in those prices more recently and forward prices continue to improve correlating with the increased price of crude oil.

Natural gas prices have remained weak relative to crude oil and natural gas liquids, which helps our profit margins and processing but negatively impacts drilling and in turn our gathering and transmission businesses.

A key element of our strategic business plan has been to focus on reducing operating expenses. Third-quarter 2009 operating expenses for continuing operations decreased $5.4 million from expenses levels in the third quarter of 2008. Our operations team has continued to do a great job managing these expenses.

Depreciation and amortization expense increased $4.3 million in the third quarter to $31.2 million compared with the same period in 2008. This was due to the partnership's investments in its North Texas and Louisiana assets. Interest expense increased $26 million in the third quarter -- increased to $26 million in the third quarter of 2009 from $14 million in the third quarter of 2008. The increase in interest expense was primarily related to the increase in interest related to our February 2009 amendments to partnership debt agreements.

We currently have available liquidity under our revolver of more than $200 million. Assuming we have no access to new capital as a base case scenario, we still anticipate ending 2010 with more than $100 million available on our revolver. However, capital appears to be becoming more accessible as capital markets improve. With improvements in both the capital and commodity markets in combination with our operational enhancements, we believe we are well positioned to access the capital markets to refinance our debt.

We have also continued to add to our commodity hedges in 2010 to hedge both our percentage of liquids contracts and our processing margin contracts, the two types of contracts which give us commodity exposure. For 2010, we have currently hedged over 50% of what our policy allows to be hedged for both our percentage of liquids and our processing margin volumes.

We are in a unique situation that we have not had available in the past. Typically forward markets will allow hedging a percentage of liquids contracts but due to the relative shapes of the forward curves for NGLs and natural gas, the hedging and processing margin is limited as forward margins become quite unattractive very quickly. However with the current relative strength of liquids compared to natural gas, we've been able to hedge processing margins at attractive levels through the end of 2010.

A brief mention of Crosstex Energy, Inc., it continues to maintain a significant cash balance of more than $10 million, which gives it sufficient liquidity for several years in the future.

Now I will turn the call back to Barry.

Barry Davis - *Crosstex Energy L.P. - Chairman, President and CEO*

Thank you, Bill. At the beginning of this year, we said we would focus on executing many steps of incremental progress. We are happy to say that we are meeting the milestones we set for ourselves. While this has been a year of overcoming challenges, we believe 2010 will be a year of opportunities as markets recover and drilling activity improves around our core assets.

While the operating environment has changed significantly during the last year, a few things have remained the same. We have high-quality assets in strategic locations, strong customer relationships, and some of the best employees in the industry. Our team has grown tremendously as we've executed with excellence and moved the business forward in an extremely challenging operating environment.

Our employee's continued engagement has helped solidify our results. We are optimistic about the future. Our strategic positions in the Barnett and the Haynesville Shales leave us extremely well positioned to capitalize on increased drilling activity as the market continues to improve. We will continue to focus on growing these core assets and operating as efficiently and as effectively as we can while we continue to strengthen our balance sheet.

With this foundation in place, we believe we are positioned for success in 2010 and beyond.

With that, I would like to turn the call back to our operator, Onika. And Bill, Bob Purgason, and I will be available to answer your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Darren Horowitz, Raymond James.

Darren Horowitz - *Raymond James - Analyst*

Good morning. Barry, a couple operation questions for you. You spoke about gathering in the Barnett. Can you give us a little bit more color on discussions with producers relating to volume growth in 2010 and give us a sense for the inventory wells that have been drilled but not yet completed and hooked up?

Barry Davis - *Crosstex Energy L.P. - Chairman, President and CEO*

Yes, Darren, you are -- sure will. Obviously this year in 2009 we have seen significantly fewer wells drilled than what we've seen in 2008 for example. And certainly reflects the fact that we have had a rig count that has averaged 70 to 75 rigs compared to 180 rigs or so in 2008.

The interesting thing, and you referenced it, is the number of wells that have been drilled and not completed or the inventory of wells that have been built up there. The only specific number that we would reference is a number out of the Devon call yesterday where they referenced 150 wells in inventory that had not been completed. I think if you do a survey of all of the producers, the major producers operating in that, what you would find is that the aggregate inventory is probably a multiple of what Devon has indicated.

So we believe that there is great potential for volumes to respond pretty quickly when we see a price scenario that would call those producers to go ahead and complete those wells and get them turned in to the line.

So our forecast for 2010 does in fact show us with a slight increasing volume over where we are at this point and that reflects both an increase in drilling on our acreage as well as the potential for some of those inventory wells to be completed.

Darren Horowitz - *Raymond James - Analyst*

Sure. I appreciate the color. Switching over to the LIG system, where is throughput currently? Are there any low capital intensity efficiency projects that you can explore?

Barry Davis - *Crosstex Energy L.P. - Chairman, President and CEO*

Absolutely, Darren. And volumes today are about 900 million a day, which is off slightly from what we've seen in comparative periods. But let me emphasize as I did in the prepared remarks that the volumes that we have seen decline have been very low margin volumes that -- where we are taking gas off system to take advantage of an arbitrage, if you will, across the system.

We have lost some of that as we've seen bases flatten, but relative to the margins that we are picking up on the Haynesville volumes, it has a very small impact.

As it relates to the continued organic growth in the Haynesville area, we started with zero and we're now in Phase 4 of an expansion that has us up to about 450 million a day of new capacity coming out of North Louisiana. The only thing we have talked about is another 75 million a day that we indicated last quarter that we were going to begin negotiations to sell that firm transport capacity to support that project. We're in the midst of those discussions now and we've taken a little bit of a different turn there.

We're actually looking at an expansion of that to as much as 150 million a day and then we are also looking at taking it deeper into our Southern Louisiana markets to allow producers to actually access the industrial markets off in the south side of our system as well as the additional interstate pipelines that can be accessed there.

So still in the works. We are not building pipe yet, but that $75 million to $150 million is an identified project that we are trying to finalize.

Darren Horowitz - *Raymond James - Analyst*

Sure, sure, and then just one final question for you. Bill, switching over to your access on the capital markets, refinancing existing debt, can you give us a little color on when you are talking to creditors of the balance of term and rate?

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

I would say that we are looking at a variety of different market options out there, be it the bank market, the high yield market, the term loan market, etc., and it's going to vary in each of those. I would say from a rate standpoint I don't know that we will see a huge change from what we are paying today. Maybe a slight increase or -- I'm sorry -- a slight improvement, but I don't think it will change from a coupon standpoint a whole lot.

In terms of term, I think the bank market right now looks like for a revolver you're in the three to four year range typically. In the high-yield market, we would be looking at term debt that is probably in the seven-year range. And in the term loan B market, we would be looking at debt that's probably in the five- to six-year range.

Darren Horowitz - *Raymond James - Analyst*

Okay, I appreciate the color. Thanks, guys.

Operator

Sharon Lui, Wells Fargo.

Sharon Lui - *Wells Fargo Securities - Analyst*

Good morning. Just a question about I guess growth opportunities in Louisiana. Enterprise recently announced a fairly large pipeline project to take gas out of the Haynesville. Just wondering if I guess their projects may have an impact on your ability to proceed or secure commitments for some of your other projects.

Barry Davis - *Crosstex Energy L.P. - Chairman, President and CEO*

Sure, Sharon. This is Barry. The way we look at that project is first of all, it affirms the quality of our pipeline system that exists from the north to the south there, because it's essentially performing the same service. It is taking gas out of the Haynesville, moving it into interstate and then into the Southern Louisiana industrial market areas. So it affirms a position that we already have.

Secondly, one of the things that we are pleased with is the fact that we are fully contracted under long-term contracts for all of the capacity that we have out of North Louisiana.

Lastly, I would say if the Haynesville is as good as we believe it is, it's not the last project that will be built out of that area and so we think there will be significant opportunities for us to continue to expand our capacity for takeaway out of that area.

Sharon Lui - *Wells Fargo Securities - Analyst*

Okay, thanks. I guess the other question I had relates to the transaction with Eunice. How should we think about the net incremental cash flows from that transaction?

Barry Davis - *Crosstex Energy L.P. - Chairman, President and CEO*

First of all, I will make a couple points here and then Bill and Bob can add to that. On the surface, what you see is $12 million of essentially EBITDA that comes from the elimination of the lease operating expense. We really haven't quantified the operating efficiencies that we think this will allow us to accomplish, but that is what we will be working on.

Additionally, in fact, Bob, why don't I -- if you would speak on the fractionator and the things that we see there that we are working on.

Bob Purgason - *Crosstex Energy L.P. - EVP and COO*

Sharon, as you know, the Mont Belvieu frac market in particular has really tightened up. There have been a couple of expansions discussed there. I think what we recognize is that we shut down our Eunice fractionator about two years ago just to consolidate and save operating costs. So owning the asset and being able to reconfigure it allows us to be in a position to expand that fractionation facility and provides services to the fractionation market in Louisiana.

We are doing a lot of that through our existing railing structure that we have from displaced barrels that are coming from Mont Belvieu.

Barry Davis - *Crosstex Energy L.P. - Chairman, President and CEO*

Bob, just to emphasize, the ownership of the plant really allows us to look at it from a long-term perspective and provide the fractionation capacity on a longer-term basis that could have been a bottleneck or a hindrance from being able to with the short-term lease that we had remaining from a commercial contract standpoint. So it really frees us up to do something longer-term with the producers.

Bob Purgason - *Crosstex Energy L.P. - EVP and COO*

Absolutely, it's a great thing to get that behind us and to be able to invest in this plant for the long haul.

Sharon Lui - *Wells Fargo Securities - Analyst*

Okay, (multiple speakers) just in terms of restarting the plant and the fractionation facility, what is the timeline in terms of how long would it take to start that up again?

Barry Davis - *Crosstex Energy L.P. - Chairman, President and CEO*

It will take us about 30 days from a contractual commitment to move that into operation. So we are in discussion with parties but it's really looking for the right commitments before we begin to fill up that facility.

Sharon Lui - *Wells Fargo Securities - Analyst*

Okay, great. Thank you.

Operator

Helen Ryoo, Barclays Capital.

Helen Ryoo - *Barclays Capital - Analyst*

Good morning. Just a question on the Red River 4 project. You said you are evaluating taking the capacity up to 150 from 75. How much incremental capital would that require? Do you expect -- is this a 2010 project that you are thinking about? Also if you could talk about the return assumptions, that would be helpful.

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

Hey, Helen, it's Bill. Yes, when we originally started talking about the project, it was -- as a 75 million a day expansion. We estimated, as you saw, the capital expenditures on that at about $25 million and the cash flows at about $8 million annually.

As we're looking at upsizing it, those basically change in lockstep. It looks like about a $50 million-ish project from a CapEx standpoint and essentially a doubling of the cash flows from what we had originally anticipated. So extremely good returns.

In terms of timeline, we think that project can be in service about six months from when we receive the contractual commitments on the capacity, but we are not marketing that yet until we get firmed up on exactly the parameters of the project.

Helen Ryoo - *Barclays Capital - Analyst*

Okay, that's helpful. Thank you. And then just housekeeping, what was your senior secured debt balance and the revolver balance quarter end?

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

At the end of the quarter?

Helen Ryoo - *Barclays Capital - Analyst*

Yes.

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

It would be about $300 million, $310 million on the senior secured notes and $860 million-ish on the revolver.

Helen Ryoo - *Barclays Capital - Analyst*

Okay, great. Thank you very much.

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

Did I say --? I meant $550 million. Did I say --?

Bob Purgason - *Crosstex Energy L.P. - EVP and COO*

You did. $550 million, not $850 million.

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

Right.

Helen Ryoo - *Barclays Capital - Analyst*

Okay, thanks.

Operator

(Operator Instructions) John Edwards.

John Edwards - *Morgan Keegan - Analyst*

Yes, good morning, everybody. Just to clarify from Helen's question on the debt balances then, is that pro forma for the treating sale?

Barry Davis - *Crosstex Energy L.P. - Chairman, President and CEO*

Yes.

John Edwards - *Morgan Keegan - Analyst*

So you are looking total of roughly $860 million of debt, correct?

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

Plus our capital leases. When you add everything together, you are at around $900 million pro forma for the sale. Thanks for clarifying that.

John Edwards - *Morgan Keegan - Analyst*

All right. Is there -- okay great. And then on the -- there was the question that Darren was asking. You didn't comment about what that opportunity would cost, it was in the LIG -- I'm sorry, I missed it. I was just taking notes here. But yes, he was asking about one of the expansions on the LIG system and you didn't mention what the cost was. Actually, no, I guess you did just say that because Helen was following up on that. Never mind.

Okay, and the other thing I wanted to ask is just kind of on the accounting, you showed on your release I think about $26 million or so of interest expense, but then when you reconciled it for DCF, you took it up to $32 million or so. Can you walk through what's going on with that?

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

Let me get to the numbers here. The --

John Edwards - *Morgan Keegan - Analyst*

It's on the --

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

Yes, the delta there when you go to the DCF number, if it takes it up to $37 million is that you've got interest expense associated with discontinued operations that on the earnings statement are in the discontinued operations line. But when we unpackage it all for the calculation of EBITDA and distributable cash flow, we pull it out of discontinued operations and put it into the interest expense line.

John Edwards - *Morgan Keegan - Analyst*

Okay, so going forward then, that's not going to -- so going forward then 26, 27 is roughly a good number?

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

Before the impact of the treating sale because that will reduce the debt further and reduce the interest expenses as a result.

John Edwards - *Morgan Keegan - Analyst*

Okay, right, right. Okay, yes, yes.

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

So I think if we are looking at an all in $900 million of debt post treating sale, we've got a blended average cost of around 9%. So $80 million, $82 million or so a year of interest expense is probably a reasonable estimate.

John Edwards - *Morgan Keegan - Analyst*

Okay, all right. Then in terms of the volumes that you reported, how much was that impacted by any asset sales? In other words, what would it have been with and without the assets? I know you said you excluded asset sales in the volumes. Just so we can -- so we can reconcile our own model, what would it have been without the asset sales I guess?

Bill Davis - *Crosstex Energy L.P. - EVP and CFO*

We were running -- as you can see on the statement, we've got about 2 Bcf a day of gathering and transmission throughput to 1.3 of processing volumes on the system. Before the asset sales, those would have been about 2.5 Bcf of gathering and transmission and about 1.5 Bcf of processing volumes.

John Edwards - *Morgan Keegan - Analyst*

Okay, great. That's great. Thank you very much.

Operator

[Steve Monessen], [Monessen Capital].

Steve Monessen - *Monessen Capital - Analyst*

Good morning. In the conference call from Enterprise Product Partners, they commented that they were starting to see increased shifting by petrochemical producers toward NGLs and away from crude oil. Have you seen any of that as well?

Bob Purgason - *Crosstex Energy L.P. - EVP and COO*

Yes, Steve, we have seen that and there's really good, strong ethane demand continuing. As you look at the ethylene margins, ethane is really the only feedstock that is profitable right for the ethylene cracker. So we continue to see that trend going forward.

Steve Monessen - *Monessen Capital - Analyst*

Thank you very much.

Operator

At this time, there are no additional questions. I would now like to turn the call back over to Mr. Barry Davis for closing remarks.

Barry Davis - *Crosstex Energy L.P. - Chairman, President and CEO*

Thank you, Onika, and again thank you to all of you on the call. We are very pleased with the ability to come to you today with a good report and look forward to continuing to report good results as we execute through the fourth quarter and look forward to a great 2010.

Again, we want to thank you for your support and thank you for your interest in the Company and we will talk to you soon. Have a great weekend and feel free to call us if you have any additional questions. Good day.

Operator

Ladies and gentlemen, thank you for participating in today's conference. This concludes the presentation and you may now disconnect. Thank you and have a good day.
