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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Q3 2010 Crosstex Energy earnings conference call. My name is Michael, and I will be your coordinator for today. (Operator Instructions) I would like to turn the presentation over to your host, Miss Jill MacMillan, Director of Public and Industry Affairs. You may proceed

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

Thank you, Michael, and good morning, everyone.

Thank you for joining us today to discuss Crosstex third quarter 2010 results. On the call today are Barry Davis, President and Chief Executive Officer and Bill Davis, Executive Vice President and Chief Financial Officer. Our third quarter 2010 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 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 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. - President & CEO*

Thank you, Jill. Good morning, and thank you all for joining us on the call today to discuss our third quarter 2010 results.

First, let me say we are very pleased with our solid results and the great progress we continue to make. We're even more pleased about the recently announced resumption of our distribution in dividend. We worked hard to be able to restore these payments for our investors, which we believe strategically positions us for the future. Just so everyone is aware, the quarterly distribution on the partnerships common and preferred units will be $0.25 per unit, payable November 12th to unit holders of record November 1. The quarterly dividend on the corporation's common stock will be $0.07 per share, also payable November 12th to stockholders of record November 1. Distributions and dividends at these levels are within our conservative guidelines and allow us to continue to improve our leverage.

During the third quarter, we continued to improve our operations by maximizing cash flow from our existing assets, reducing costs, and increasing utilization. Adjusted EBITDA was $47.8 million for the third quarter 2010, up 16% from the third quarter 2009. Distributable cash flow increased 34% for the third quarter compared with the third quarter of 2009.

From a macro perspective, processing economics remain strong. Ethane, which represents almost half of our NGO barrel, remains the preferred feedstock for ethylene plants. Ethylene plant maintenance, which was putting pressure on ethane prices, has been completed, resulting in a positive impact on the demand in prices for ethane. Natural gas prices have been trending down since June and hovered below $4 per MMBTU for the most of September. Ample shale gas supplies and lower industrial demand have restrained prices, potentially putting pressure on future drilling activities.

The US gas drilling rig count, as of the end of October, was 965, up approximately 33% from about a year ago. As a gas recount relates to our business, there has been a lot of public discussion about the number of rigs operating in the Barnett Shale in North Texas and the Haynesville Shale in Louisiana. There are approximately 132 rigs running in Haynesville, a slight decline from about 140 rigs in early July. In the Barnett, the rig count has been relatively steady, also with only a slight decrease. The most recent count shows 78 rigs down from 80 in early July.

Some reports have indicated the drilling may continue to slow down in the Barnett and the Haynesville. On this point and its impact to us, let me be clear that we are somewhat insulated from a drilling retreat in both places, and here's why. In the Barnett, we have two substantial projects scheduled for completion in early 2011 that will expand our gathering system and add substantial long-term contracted supply. And in the Haynesville, the total firm capacity of our 465,000 MMBTU per day on our north LIG system is currently fully contracted with an average life of five years. We are confident in the near term outlook for these areas.

Longer term, we will continue to capitalize on our great asset positions in our three core operating areas in North Texas and Louisiana by identifying and investing in low-cost high-return products. We continue to run our business consistent with our financial guidelines, managing risk, improving leverage and the reliability of our cash flow. We have no significant near-term debt maturities and a solid balance sheet with no outstanding debt at the end on our revolver at the end of the third quarter. Finally, we are encouraged by the prospects our business development team has identified beyond our core operating areas. As we look to 2011 and beyond, growth will be top of mind.

Now moving to our operations for the third quarter, we continued to take advantage of low-cost, high-return opportunities around our assets. In North Texas we are in an ideal position because our assets are situated primarily in the core of the Barnett Shale, one of the most significant shale plays in the U.S. We believe we are well positioned to benefit from the development of this shale play for years to come. Production remains about 5 BCF a day despite the relatively lower level of rigs running in the Barnett over the last 24 months.

Turning to third quarter results, throughput on our North Texas pipeline was approximately 344,000 MMBTU per day, about the same as the second quarter 2010. Our third quarter gathering throughput in the Barnett Shale was 736,000 MMBTU per day, a slight increase above second quarter 2010 gathering throughput of 731,000 MMBTU per day. We believe that the volume additions we see for the rest of this year affirm our expectations of modest volume growth overall in 2010. We also anticipate substantial volume growth on our gathering and processing systems beginning in late first quarter 2011 as a result of our expansion projects currently underway. Our North Texas processing plants processed an average of 224,000 MMBTU per day during the third quarter, compared with a approximately 207,000 for the second quarter.

We continue to see opportunities for incremental growth in North Texas due to the significant investment we made in the Barnett infrastructure since 2006. As we announced recently, we have signed agreements for two very good projects with firm volume dedications and relatively low capital investment compared with the cash flow impact. We have a 10-year firm gathering and compression agreement with a major Barnett producer for an additional 50 million cubic feet a day on our gathering system. We're constructing a compressor station on an existing gathering line to accommodate the producer's volumes. The project is on track to be completed and operational near the end of the first quarter. We estimate our incremental investment to be less than $10 million and the annual incremental cash flow from this project is expected to be about $8 million a year.

We also recently announced the construction of a 15-mile extension of our gathering system and related facilities to serve other Barnett producers who have robust drilling plans in play. The incremental investment for this project is about $25 million and is supported by volumetric commitments that ensure our return of capital. The flow from the expansion is expected to peak in 2012 at a rate of more than 100 million cubic feet a day. Construction is scheduled to be completed in the first quarter of 2011, and initial deliveries are expected to begin late in the quarter. Cash flow from the project is expected to average approximately $10 million per year for the first four years. As a result of these two projects, we think our gathered volumes will increase approximately 125 million to 150 million cubic feet a day in 2011 with a peak flow rate increase of 150 million to 175 million cubic feet a day in 2012.

These are prime examples of the kind of investment opportunities created by the strategic position of our assets. We believe we will see more of these types of opportunities as the Barnett is developed over its lifetime. As you know, there are many opportunities in the marketplace for companies to gain access to the Barnett. We are seeing new independence and some majors move into the play. You've probably heard that Range Resources has announced they intend to sell their North Texas acreage. And Talon Oil & Gas recently announced their plans to sell their Barnett Shale position to Intervest. We believe these transactions could have a positive impact on our business. In fact, Intervest has said on their recent conference call about the transaction that they plan to add rigs in the Barnett with a dedicated frag crew and believe that they can grow production, even in a low gas price environment.

When we look at current activity in the Barnett, the number of drilling rigs on our acreage has been running at anticipated levels. All of this reaffirms that there are many opportunities in the Barnett for us to grow and that the outlook for the play is positive. We continue to look for ways to enhance our core assets, including the optimization of our systems. As a result of these efforts, we see increased revenues from compression services. For instance, on two particular parts of our system, we have improved system hydraulics so that wellhead and central delivery point pressures are at their most efficient levels.

In summary, we will continue to focus on optimizing our existing system, looking for low-cost high-return projects that we can invest in, and providing top-quality cost-effective services for our customers in the Barnett Shale. In Louisiana, our Crosstex LIG pipeline system is one of the largest, most strategically positioned intrastate pipelines in the state. The system provides significant take-away capacity for Haynesville Shale gas. It offers producers great optionality, as they can reach a variety of interstate and intrastate markets, with connections to premier interstate pipelines, including A&R Pipeline, Columbia Gas Transmission, Texas Eastern, Tennessee Gas, and Trunkline. LIG also provides important access to on-system markets, including more than 1.3 billion cubic feet a day of delivery capability to industrial and power-generation markets, including prime markets in southern Louisiana and access to key intrastate storage hubs.

The size and scale of the LIG system puts us in a great position to continue to take advantage of the opportunities from northern to southern Louisiana as developments occur around our system. This includes the Haynesville core producing area and other key markets such as the Mississippi river corridor, where we offer several industrial customers a menu of services. Third quarter throughput on our LIG system averaged approximately 883,000 MMBTU per day, essentially flat with the second quarter. Drilling in the Haynesville Shale is still active in and around our assets. As I mentioned earlier, our total firm capacity on our north LIG system of 465,000 MMBTU per day is fully contracted, so we are protected against fluctuation in drilling and production levels. This volume represents about 15% of the current industry-wide deliveries from the Haynesville. In addition, the demand fee structure of our transportation agreements on our north LIG system provide us with certainty of cash flow on these volumes for significant length of terms.

We continue to work on growth projects. For instance, we recently completed a 30,000 MMBTU per day expansion on our north LIG system that came online August 1st. We have also identified opportunities to link our LIG assets and capabilities with those of our processing and NGL business. We are currently in the process of completing an interconnect linking LIG's Gibson processing plant, which is running near 100% of its capacity, to our Pelican plant in southern Louisiana. This will enable LIG to move gas to the Pelican plant which has access capacity. We will continue to look for additional opportunities to keep our Gibson and Pelican plants at full capacity. Both the LIG and processing NGL teams are aggressively prospecting business related to shallow water Gulf of Mexico opportunities. Our LIG system is well positioned to provide us with steady and reliable business, significant growth projects, and opportunities to take advantage of the current strong processing economics and price arbitrage when or if basis spreads reappear.

Moving to our processing and natural gas liquids business. In southern Louisiana, the results from this business were consistent with our expectations. In the third quarter of 2010, processing volumes averaged 878,000 MMBTU per day versus 854,000 MMBTU per day in the second quarter when volumes were lower as a result of disruptions related to a pipeline rupture, platform maintenance, and storm down time. We continue to be encouraged by the near-term growth opportunities for this business based on our ability to increase the utilization of our asset infrastructure. We're working on projects that create incremental stable fee-based income from the NGL fractionation business. We see a growing need for fractionation and NGL handling as producers make liquid rich production a priority. This need is primarily driven by gas produced from developing shale plays, including the Eagle Ford, Granite Wash, Marcellus, and Bakken plays. These areas are characterized by limited NGL markets and inadequate NGL infrastructure. We offer producers in these regions an excellent interim solution by transporting their NGL via rail to our fractionators in Louisiana. We are currently handling approximately 1,500 barrels per day from the Marcellus.

We plan to restart our Eunice fractionator in southern Louisiana late in the first quarter of 2011 to take advantage of the activity around these liquid-rich shale plays. This expansion will give us operational flexibility, increased fractionation capacity, and the ability to capture new NGL-related business. We will resume operations with an initial capacity to accommodate 15,000 barrels per day of NGLs, additional capability of 21,000 barrels per day can be restarted later. The Eunice startup and expansion project will increase our operating fractionation capacity for liquids from 40,000 barrels per day to 55,000 barrels per day. We expect the initial investment required to restart the fractionators and associated pipelines and facilities will be approximately $9 million. The expected incremental run rate cash flow generated from the expansion is estimated to be $3.3 million.

Finally, I'd like to touch on the developments related to the drilling moratorium in the Gulf of Mexico. Even though the moratorium for all offshore drilling has been lifted, increased regulations are likely to extend the time frame until drilling is resumed at levels to grow volumes. While that will have an impact on our volumes, we expect to fully offset the cash flow impact with other opportunities including business that is already contracted and the Eunice frag restart. Now I'll turn the call over to Bill who will discuss our third quarter financial results in detail

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Bill Davis - *Crosstex Energy, L.P. - EVP & CFO*

Thanks, Barry. Good morning, everyone.

As always, in our earnings release, we have reconciled certain non-GAAP items discussed in the call today to their GAAP equivalents. Please refer to the earnings release for this reconciliation. In addition, our 10-Qs for both companies are on file with the SEC, and you can access our website for more details.

As Barry stated, we're very pleased with the third quarter results and year-to-date results in the resumption distributions of dividends. Looking at the results for the quarter, our gross operating margin of $83.7 million was essentially unchanged from the second quarter of 2010. The individual business segments' contributions to the third quarter results are outlined in the earnings release and in the 10-Q. There are really no significant changes from the second quarter of 2010. We had better fractionation and processing volumes at the PNGL asset, which were offset by slightly lower processing margins at both of the other assets due to lower liquids prices and lower contributions from some of the system enhancements we have accomplished in North Texas when you compare second quarter to third quarter 2010.

Operating expenses were down approximately 4% and G&A was up approximately 4% from the second quarter of 2010. Once again, no major changes from there. But a significant improvement from 2009 is discussed in the release reflecting the efficiencies of both of those areas that we have accomplished over the past year. Distributable cash flow for the quarter was $22.6 million for the three months and $63 million for the first nine months of the year. Third quarter cash flow supported the declaration of $0.25 per unit distribution with strong coverage and compliance with our financial guidelines. The $0.25 will be paid on the outstanding common units as well as the series A convertible preferred units issued earlier this year to Blackstone GSO. Cash flow coverage of the distribution was strong and slightly better than 1.3 times. Doing the math at a one times coverage ratio would calculate the payout at approximately $0.32.

As of the end of the third quarter, total debt was down to approximately $764 million, which consists principally of the $725 million face value of senior unsecured debt, which is reflected at approximately $711 million net of discount on the balance sheet. Our debt to adjusted EBITDA has been reduced to 4.2 at the end of the quarter, or pro forma for the impact of the distribution 4.3 times. Our previously stated guidelines for paying distributions included a debt to pro forma EBITDA ratio at the 4.5 level. We're well below that level, and it's important to remember that we expect to continue to reduce leverage during the remainder of the year as we move towards our goal of 4.0 to 4.1.

Today we have nothing drawn under a revolver and have approximately $90 million of letters and credit outstanding leaving us with more that $300 million availability on the revolver. So our liquidity is strong as we analyze and identify new areas for growth. Third quarter maintenance capital spending was approximately $4.6 million, and we now expect the full year spending to be in the range of $11 million to $13 million. Our current estimate for growth capital for the year is approximately $42 million, with most of the spending for the new projects that Barry has discussed happening in the first quarter of 2011. We can easily finance our forecasted capital spending using our available revolver capacity and retain cash flow. However, financial markets are open should we decide to access additional debt or equity capital to support new projects we're working to develop. We're committed to maintaining a strong balance sheet and adhering to the financial guidelines we have set for ourselves.

We recently increased our liquids hedging positions for 2011, hedging an additional 32% of our hedgable volumes at risk through the end of 2010, an additional 29% of our hedgable volumes at risk for the first six months of 2011, an additional 47% of our hedgable volumes at risk for the last six months of 2011. As a result, we have hedged now 77% of our hedgable volumes at risk for the remainder of 2010, 53% of our hedgable volumes at risk for the first six months of 2011, and 63% of our hedgable volumes at risk for the last six months of 2011. As you'll see in the 10-Q, a large portion of our ethane hedges in the second half of 2011 are in the form of puts, which gives us the optionality should prices improve to benefit from that but establishes a floor on the downside.

Turning briefly to Crosstex Energy, Inc., the corporation ended the third quarter with a cash balance of $4.5 million. Based on our taxable income forecast, we estimate very little in cash taxes for the foreseeable future. However, we'll continue to set cash aside to cover Crosstex Energy separate G&A and potential future capital match requirements in conjunction with any future Crosstex Energy LP equity raises. We expect to hold about 10% of the cash received in distributions for such purposes. Given the resumption of the Crosstex LP distribution, the Crosstex Inc. balance sheet cash balance should begin to grow as we hold cash back from the distribution. As you know, the corporation's only assets in addition to cash are its 16.4 million partnership units, its 2% general partner interest in the MLP, and its ownership of 100% of the partnership's incentive distribution rights.

Corporation has no debt. In anticipation of the receipt of its share of the recently declared distributions from the partnership, the corporation announced a payment of the dividend of $0.07 per share at the same time. Now I'll turn the call back to Barry

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

Thank you, Bill.

Again, we are very pleased with our solid operating results in the quarter and year-to-date as we continue to capitalize on the strategic position of our assets. The resumption of our distributions and dividends is a sign of the significant progress we have made. As we look to 2011, we continue to be well positioned with the discipline strategy for growth. We have established core competencies from our experience in operations in the Barnett and Haynesville Shale areas and are looking for opportunities to apply them to other areas that represent the best fit for Crosstex. The macro-environment remains robust for investment in new midstream infrastructure and transactions, so there are many opportunities for us in the marketplace. And importantly, we have the financial strength to access the capital to invest in new projects.

In summary, we believe Crosstex's future is bright, and we see continued success for the company. Now we'll turn the call back to the operator, and Bill and I will be happy to answer any of your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from Darren Horowitz of Raymond James. You may proceed.

Darren Horowitz - *Raymond James*

Bill, a couple quick questions for you. As you work to link the Gibson plant to Pelican, what's the associated costs there? How much excess capacity do you have at Pelican and when do you actually hit an inflection point where you think about expanding Pelican's capacity?

Bill Davis - *Crosstex Energy, L.P. - EVP & CFO*

First of all, let me address -- the Pelican plant capacity is a total of about 600 million a day, and we're running below 300 million. So we have a lot of capacity there. It's an additional train that could be started, so no expansions would be necessary. And as far as the capital associated with that, it's minimal capital.

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

It's a nominal capital amount, Darren, and really the economics of the project are paid out as a result of the better fractionation economics we get from keeping the liquids from the volumes that are going to be processed in the Pelican plant instead of the Gibson plant on our system. So that's what pays out the project.

Darren Horowitz - *Raymond James*

Okay. That makes sense. So Barry, beyond Eunice, how do you think about operating areas in North Texas and Louisiana by garnering enough capacity to run blue water on a consistent basis?

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

Darren, we still feel like Blue Water is going to run on kind of an opportunistic basis. When we see one, volumes available coming through the plant and secondly, when we see margins significant enough, but in our current forecast, we're not expecting a significant run time from our Blue Water plant based on what we know today

Darren Horowitz - *Raymond James*

And then finally, Bill, based on where ethane prices are today, and obviously I think consensus expectations growing that that market is going to remain tight in the next year, how do you think about additional hedging being layered on versus keeping some of that spot market exposure for yourself?

Bill Davis - *Crosstex Energy, L.P. - EVP & CFO*

Well, as I referenced in the script, when we put on the additional ethane hedges in the back half of 2011, we used puts as opposed to actually doing swaps. And we feel like we're pretty fully hedged in the back half of 2011 as it results to ethane as a result of that. The issue, as you look beyond the real prompt months on the forward curve on ethane, is it's so steeply back-dated, so you kind of hate to put on a lot of swap positions given where the market is today.

Darren Horowitz - *Raymond James*

Is there any opportunity for you guys to change the composition of your contracts, whether or not you're doing frac or pay within sort of POL or POP upside, or any sort of kind of incremental demand fees up front that cover your fixed and variable and then have maybe a split percentage on profitability above certain thresholds?

Bill Davis - *Crosstex Energy, L.P. - EVP & CFO*

Well, we've got a variety of processing agreements in place and feel like we're all very competitive in the marketplace and reflect what is achievable in the market. We moved a lot of those processing agreements from a commodity-based agreement into a fee-based agreement. So you've seen that reflected in our guidances as the amount of fee processing in our base business has gone up. So given the mix of business that we've got and the contracting structure that we've got out there, we feel pretty good about where we are with our processing contracts.

Darren Horowitz - *Raymond James*

Okay. I appreciate the color. Thanks. Thanks, Barry

Operator

Your next question comes from the line of John Edwards of Morgan Keegan. You may proceed.

John Edwards - *Morgan Keegan*

Good morning, everybody

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

Hi, John

John Edwards - *Morgan Keegan*

Just curious, how are your growth plans in Louisiana being impacted now by all the competitor pipeline expansions? Do you still see opportunities of significance on your systems or is that constraining you a bit? If you could comment a bit on that.

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

Yes, John, we certainly have seen the opportunities in North Louisiana associated with the Haynesville growth kind of paused for the moment as we sort out where quantity prices are and the drilling rig levels are going to be. So I would say the position of most producers is that they are well positioned to handle the volumes they currently forecast. So limited growth opportunities as we sit today. What happens in the future? I think will be dependant on just how robust the drilling activity is there. So that's where we are. I think we do see more growth opportunities, as I said in the prepared remarks, in our NGL infrastructure and really just increasing the utilization of a significant asset base there, as we see the NGL marketplace kind of reshaping to handle all the liquid rich plays.

John Edwards - *Morgan Keegan*

Okay. And then as far as looking say beyond North Texas and Louisiana, are you seeing more focus there? Or you also -- to what extent are you looking at perhaps at some of these other areas that are emerging?

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

John, I think what you heard from us on these calls and otherwise is we have been very focused on our existing core assets and trying to improve those businesses over the last 24 months. And I think we've done a terrific job of that. We've had great investment to grow those assets. But we said about six months ago that we were beginning to look at what's next, what's beyond our existing core areas. And we are making good progress on that. We've got a great team that's focused on that. We're seeing an abundance of opportunities in all of these shale plays. You're essentially seeing a repeat of what's happened in the Barnett and in the Haynesville throughout all of the shale plays. And we are in the middle of those of most looking at opportunities, and we would expect to be able to get something done at the right time and with the right fit.

John Edwards - *Morgan Keegan*

Okay. And then with respect to the distribution, you're restarting this quarter. I think earlier in the year you had indicated you thought you would exit the year at around $0.30. What's your thoughts on that?

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

You know how important, John, the return of the distribution is to us and what a milestone that was that we set at the beginning of 2009. We really had a good vision for where we were trying to get to and the timing. So it was done with great consideration of all aspects of our business looking in our financial guidelines, our protections for the business, et cetera. So what I would say is with what we know today, we don't see for the fourth quarter significant change in our operating results from the third quarter, other than potential differences in the commodity processing, which we have said that we're going to be careful about paying out. We do see significant earnings growth coming towards the end of the first quarter from the projects we have outlined here in the call. So we're working very diligently right now on all of our forecasting for 2011 and beyond. What I'd like to say is we look forward to communicating with you about our distribution plans as we get those completed between now and year end

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Bill Davis - *Crosstex Energy, L.P. - EVP & CFO*

Let me add to that, John, that since we paid the distribution earlier in the year than we had indicated in our initial guidance, that of course impacts our leverage metrics that we had been looking at at the time, and in addition, with the new cap backs from the new projects that we're going to be spending, that also impacts our leverage metrics. So as I said in the script, in the call earlier, our goal is to continue deleveraging. So we've got to take that into consideration as well as we go through the process of establishing the distribution for fourth quarter.

John Edwards - *Morgan Keegan*

Okay. Great. I appreciate the thought behind that, and congratulations on being able to restart the distribution

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Bill Davis - *Crosstex Energy, L.P. - EVP & CFO*

Thank you, John

Operator

Your next question comes from the line of Sharon Lou

Sharon Lu - *Wells Fargo Securities*

Good morning

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

Good morning

Sharon Lu - *Wells Fargo Securities*

Just wondering if you could comment on the visibility of the volume improvement for the Barnett system. Have those volumes been committed?

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

Yes, there's really two things we refer to. One is between now and year end, which would be speaking to the fourth quarter and first quarter of 2011. Those volumes are committed. We have visibility to well connects, and we expect volumes to increase in the fourth quarter. And then for the first quarter 2011, the two projects, Fossil Creek and Benbrook, those are committed volumes that we're estimating to be 125,000 to 150,000 a day for 2011, really beginning in the second quarter. So those are all committed volumes with good visibility to the work being done that will drive those volumes to us.

Sharon Lu - *Wells Fargo Securities*

Okay. Great. Then I guess for units. If you could just talk about the contracts that you signed and the duration.

Bill Davis - *Crosstex Energy, L.P. - EVP & CFO*

The economics of starting the Eunice frag and the payout there is associated with, first of all, a 5-year contract with another operator in the area that commences January 1 for their liquids to be on our system as well as volumes that are currently processed off our system that we're going to bring into our liquid system, such as the connection between Gibson and Pelican. In addition, the fractionator at Eunice is somewhat more efficient than the fractionator at Riverside, so we'll get the benefit of some lower operating costs as a result. So that starts us out. That's the base level of economics that is we've got to start with. Once we do this, we've now got significant additional volumes available to fractionate, and we'll be in search obviously of contracting the volumes the fill that space up. But the base economics are essentially what I've described.

Sharon Lu - *Wells Fargo Securities*

Okay. And I guess my last question - for 2011, what are the costs in terms of your gross and maintenance CapEx budget?

Bill Davis - *Crosstex Energy, L.P. - EVP & CFO*

For 2011?

Sharon Lu - *Wells Fargo Securities*

Yes

Bill Davis - *Crosstex Energy, L.P. - EVP & CFO*

We haven't given guidance for 2011 yet. Maybe I just misunderstood your question

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Sharon Lu - *Wells Fargo Securities*

I was just wondering if, based on the growth opportunities out there if you care to put out a 2011 outlook.

Bill Davis - *Crosstex Energy, L.P. - EVP & CFO*

Not yet. We're working on that. We'll have it we think very shortly, but we're not there yes

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Sharon Lu - *Wells Fargo Securities*

Okay great. Thank you

Operator

(Operator Instructions) Your next question comes from the line of Conor Ryan of Deutsche Bank. You may proceed

Conor Ryan - *Deutsche Bank*

Hey. I was just curious, did you see Red River phase 4 volumes come online during this quarter, or are you expecting those to come online shortly?

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

Actually, phase 4, if you go back to the beginning of it, we've kind of done it in pieces. The 30,000 MMBTU per day that we said came on on August 1st was really part of that phase 4 expansion. So partially, phase 4 has been completed. We do have a remaining increment that could be accomplished if we were able to get that contracted. So not all of phase 4, but part of it has come on

Conor Ryan - *Deutsche Bank*

Okay. Great. And then what about the Black Lake interconnect volumes? Any idea when you expect those to come back online?

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

We have never actually interconnected to the Black Lake system. It's a project that we've been in discussions about, but there's no physical interconnect at this point in time

Conor Ryan - *Deutsche Bank*

Okay. Great. Thank you

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

Thanks, Ryan

Operator

There are no further questions at this time

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

Thank you for your calling in today for our report on the third quarter. Again, we're very pleased with the results. We're also very pleased with the return of the distribution and the position that we have to go forward. So thank you for your support. We look forward to communicating to you on the next quarter's results or anything that happens in between. Have a great day and a great weekend

Operator

Thank you for your participation in today's conference. This concludes the presentation. You may now disconnect. Have a great day.