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PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the third-quarter 2012 Crosstex Energy earnings conference call. My name is Katina and I will be your coordinator for today.

At this time all participants are in a listen-only mode. We will facilitate a question-and-answer session towards the end of the presentation. (Operator Instructions) As a reminder, this conference is being recorded for replay purposes.

I will now turn the presentation over to your host for today's call, Ms. Jill McMillan, Director of Public and Industry Affairs. Please proceed.

Jill McMillan - *Crosstex Energy, Inc. - Director, Public & Industry Affairs*

Thank you, Katina, and good morning, everyone. Thank you for joining us today to discuss Crosstex's third-quarter 2012 results.

On the call today are Barry Davis, President and Chief Executive Officer; Bill Davis, Executive Vice President and Chief Operating officer; and Mike Garberding, Senior Vice President and Chief Financial Officer.

Our third-quarter 2012 earnings release was issued yesterday evening. For those of you who didn't receive copies, they are 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.

Before I turn the call over to Barry Davis I want to mention two upcoming Crosstex events that I am sure you will be interested in attending. On November 28 we are hosting a West Texas Permian facilities tour for analysts and investors in Midland. We will be visiting our assets in the Permian basin, the Deadwood processing plant, and the Mesquite rail terminal.

Our management team will be available for discussion and questions during the event. Apache also is scheduled to make an operations presentation. If you haven't responded, we urge you to do so as space is limited. If you did not receive an invitation or want more information, please contact me.

Also, in 2013 we are hosting our annual banker's group dinner on January 22 and analyst conference on January 23, so please put these dates on your calendars. Both events will be held in Fort Worth at the Museum of Science and History's Energy Blast Gallery. We will be communicating more details soon.

I will now turn the call over to Barry.

Barry Davis - *Crosstex Energy, Inc. - President & CEO*

Thank you, Jill. Good morning, everyone, and thank you all for joining us on the call today. I will begin by discussing several key themes that I want to emphasize today followed by our third-quarter 2012 financial results. Next I will cover how we are executing our plan in a challenging commodity price environment and delivering what we said we would accomplish. And, finally, I will discuss our outlook for the remainder of the year and beyond.

Mike will go into more detail about our quarterly results and then Bill will complete our prepared remarks with an update on the status of our Ohio River Valley assets and our growth projects and a review of our operational results. Before I recap top-level third-quarter results there are a few major themes, or headlines, that I want to make sure you take away from the call today.

First, we have achieved significant growth of our NGL and crude businesses this year with our Deadwood Mesquite Project, our Ohio River Valley acquisition, and our Cajun Sibon pipeline expansion project. In total we are currently executing our capital spending program of approximately $620 million in 2012 and 2013, which is focused on fee-based projects that align our long-term business plan.

Second, we completed the equity funding for our announced growth projects such as our Cajun Sibon pipeline expansion and our crude terminal expansion. Our balance sheet is in great shape.

Third, we are off to a great start with our Ohio River Valley operations which had a solid third quarter, our first since the acquisition, and is ahead of our expectations. We have many prospects for developing these assets primarily located in the Utica Shale where we have a solid position in this competitive arena.

Fourth, we have dealt quite well with the current commodity price environment and our business is stable because we have focused on fee-based growth. We are continuing the successful transition to a much higher concentration in our crude and NGL businesses. All of these together allow us to maintain strong distribution coverage and good visibility to growth in the future.

Now moving to our third-quarter results, we are pleased to report improved results over our second-quarter and the year-ago period despite the impact that the continued downturn in commodity prices has had on our results.

Adjusted EBITDA for the third quarter was $55.2 million compared with $48.7 million for the second quarter and $50.1 million for the third quarter of 2011. Distributable cash flow was $27 million versus $23.4 million for the second quarter and $25.8 million for the year-ago quarter. Even in a challenging commodity price environment, we believe we will be able to achieve the lower end of our 2012 guidance, which, as you may recall, is approximately $210 million to $215 million of EBITDA adjusted for six months of Ohio River Valley operations.

As we outlined last quarter, we would not expect to raise distributions and dividends for the rest of this year. Nevertheless, our annual growth rate in 2012 would still represent about a 7% annual increase in distributions and a 20% annual increase in dividends over 2011.

Looking ahead, we are confident that 2013 will be a transitional year for us. As the operations associated with the Cajun Sibon pipeline expansion and other NGL-related projects come online next year we anticipate that we will continue to see annual distribution growth rates of 8% to 10% per year and dividend growth rates of 20% to 25% per year.

Our growth strategy has not changed. Our first objective is to maximize the earnings and growth of our existing businesses and we have well-positioned legacy assets in North Texas and throughout Louisiana where I think we have done a perfect job of creating value. And we continue to aggressively pursue our second objective, which is to enhance scale and diversification.

As you know, our Ohio River Valley assets provide a first-mover advantage in this developing area. We see this position as our next growth platform and it offers us a great opportunity to continue to diversify into the crude and condensate business. We have begun construction of our Cajun Sibon pipeline expansion project which we expect will be online in mid-2013. This project is also a big step in increasing our NGL services and further diversifying our business.

With the investments we have made during the last 24 months, including our plant in West Texas and our investment in Howard Energy, we now operate in six major shale plays and basins in the US -- the Utica and Marcellus, Permian, Eagle Ford, Barnett and Haynesville. And we have significantly increased our exposure to crude and NGLs, especially with our investment in the Ohio River Valley assets and the Cajun Sibon pipeline expansion project. These investments have also put us in places where more development is expected and where there will be an abundance of growth opportunities.

We are excited about what lies ahead for Crosstex, especially in 2013 and 2014 when our growth projects come online and contribute to cash flow. Our continued development of the Ohio River Valley assets and our NGL expansion projects strategically position us with multiple avenues for growth.

These projects, which all focus on fee-based contributions, will allow us to continue to reduce our commodity exposure. We've developed a secure, yet highly flexible, financial base that has enabled us to broaden our reach and concentrate on value-driven fee-based activities. And thanks to our strong balance sheet and financial wherewithal there are many a digital attractive opportunities in the marketplace that we can pursue with confidence.

Now I will turn the call to Mike Garberding who will discuss our third-quarter results in more detail.

Mike Garberding - *Crosstex Energy, Inc. - SVP & CFO*

Thanks, Barry. We will be discussing reconciliations of certain non-GAAP items to their GAAP equivalents today, so please refer to our earnings release for these reconciliation. In addition, our 10-Q was filed this morning with the SEC, which you can access for more detail on our results.

As Barry mentioned, we had a good quarter and realized our first full quarter of results from the Ohio River Valley assets. I want to start by providing a brief overview of the market environment we are facing and then I will get into the results.

Commodity prices have continued to bounce around their low levels from the second quarter, as a result we continue to focus on fee-based gathering, transmission, transporting, and processing. Approximately 90% of our gross operating margin for the quarter came from those fee-based operations which compares with approximately 70% a year earlier.

Our weighted average liquid price for the quarter remained around $1.04 a gallon, consistent with the second quarter. However, the natural gas liquids to gas price ratio decreased from 496% in the second quarter of this year to 378% this quarter due to an overall increase in gas prices. Given the low ethane prices for the third quarter the weighted average liquid price only included around 34% ethane, down from around 50% in our earlier price environment.

We also completed the equity requirements for the announced strategic growth initiatives during the quarter. This included raising $75 million through a private placement and an amendment to the partnership agreement to amend existing convertible preferred units held by GSO. These preferred units will now be paid-in-kind for the next six quarters starting with the distribution for the third quarter of 2012.

Before I review the quarter I want to update you on the status of 2013 guidance. In the past, we have released guidance with the fourth-quarter earnings. However, this year we plan to release 2013 guidance in early December and we will have a more detailed discussion of guidance, as we usually do, during our banker and analyst meetings on January 22 and 23.

Turning now to the third-quarter results, we saw an increase in EBITDA of approximately $6.5 million versus the second quarter of this year. The partnership realized adjusted EBITDA of $55.2 million in the third quarter of 2012, an increase of 13% from the second-quarter EBITDA of $48.7 million.

Key drivers of the improvement were income from the Ohio River Valley assets we discussed earlier, which were acquired from Clearfield Energy in July, improved results from our Permian operations, and assignment of our rights and a contract for the construction of a processing plant. These increases were partially offset by reduced processing income, the result of continued low commodity prices. As Barry mentioned, we still expect to end of the year with $210 million to $215 million in EBITDA.

Gross operating margin for the third quarter was $99.8 million, an increase of $9.5 million, or approximately 10.5%, from the second quarter of 2012. This improvement was driven by $12.4 million of gross operating margin from Ohio River Valley and $1.5 million from our Permian activities, which was partially offset by reduced processing margins.

As I mentioned, approximately 90% of our gross operating margin in the third quarter was derived from fee-based gathering and processing businesses. The contribution from commodity-based opportunities decreased to around $11 million from approximately $18 million in the second quarter of this year.

Distributable cash flows increased $3.6 million to $27 million for the third quarter of 2012 from the second quarter of 2012. With distributions remaining at $0.33 per unit, the third-quarter distribution coverage ratio was approximately 1.13 times.

We feel good about the coverage given the low contribution from the commodity-based environment, as Barry mentioned earlier. If you go back to the beginning of the year, we managed the higher commodity prices through higher coverage.

From a balance sheet perspective, we have continued to maintain our strong liquidity position. We currently have approximately $575 million available under our credit facility. We ended the quarter with a debt to EBITDA of 4.1 times, which includes the impact of the $250 million in new high-yield notes that were in escrow at the end of the second quarter.

As I have mentioned before, our debt to EBITDA will continue to trend up during the construction of the Cajun Sibon pipeline expansion, but is not an issue given our current bank covenants of 5.5 times. We expect the debt to EBITDA to decrease rapidly once both Riverside Phase II and Cajun Sibon Phase I come online midyear and we realize increased earnings from Ohio River Valley.

Our current projection of capital expenditures for the remainder of the year is approximately $125 million, focused mainly on Cajun Sibon Phase I and Riverside Phase II which are currently under construction.

We continue to add positions to hedge our commodity exposure in 2012 and 2013. Currently we've hedged approximately 86% of our target percentage of percent of liquid volumes and approximately 66% of our target percentage of processing margin volumes for the fourth quarter of 2012. To date we have hedged 96% of our target percentage of percent of liquid volumes as well as 44% of our target percentage of processing margin volumes in 2013.

As we have stated in the past, we only use product-specific hedges in forward liquids market.

Just to remind you, we only hedge contracted volumes that we know are coming to us. Therefore, our target hedge percentages represent about 38% of the total fourth-quarter 2012 and about 36% of the total year 2013 percent of liquid volumes at risk. Our target hedge percentage also represents around 15% of total fourth-quarter 2012 and about 15% of total year 2013 processing margin volumes at risk.

Given the current forward curve for natural gas liquids and natural gas, it is difficult to economically hedge processing margin exposure. Therefore, we expect the 2013 hedge percentages and processing margins remain in the current range if prices don't change.

Turning briefly to Crosstex Energy, Inc., the corporation had a cash balance at the end of the third quarter of approximately $3.6 million, which will continue to grow as a portion of distributions it receives each quarter is added to its cash balance. As we have said, we currently don't envision the corporation will pay any significant income taxes in the near future.

Now Bill will update you on growth projects and operations.

Bill Davis - *Crosstex Energy, Inc. - EVP & COO*

Thanks, Mike. Thanks to everyone for being on the call this morning. I will begin the operations discussion today with an update on our assets in the Ohio River Valley.

These assets represent a big step for us into the crude logistics business. They give us a tremendous growth platform in the Utica and Marcellus Shale plays and add significantly to our capabilities that we can utilize in other operational areas.

As Barry mentioned, these assets contributed solid third-quarter results. Crude oil handling amounted to approximately 10,000 barrels per day and the volume for brine disposal wells was approximately 8,000 barrels a day. After we completed this acquisition on July 2 we concentrated on a smooth transition and integration, which are proceeding as planned.

These assets have an outstanding legacy that includes a talented workforce and solid operations. We are fortunate to already have a strong local presence and established customer relationships.

In late August, Paul Weissgarber was promoted to Senior Vice President to oversee our Ohio River Valley operations. Paul previously worked on business development projects for us and was instrumental in the acquisition of these assets. He will do a great job and help us maximize our investment in them.

We continued to see increased activity in the Utica Shale play where these Ohio River Valley assets are well situated. There are approximately 75 rigs currently drilling near there and year-to-date there have been 347 wells, Utica wells, permitted for drilling in Ohio compared to only 94 in 2011.

To date, 139 wells have been drilled; only 35 are producing and 104 are awaiting completion. This creates a lot of potential built-in growth in the near term. Major oil companies and large independents alike, including Chesapeake, Devin, Anadarko, BP, Chevron, Hess, and Enervest, have significant acreage positions in the Utica.

We are seeing the emergence of much more condensate than initially projected with lower traditional crude oil volumes. From an operations standpoint, we are focusing on improving or expanding our most critical projects. For instance, we are enhancing our Black Run rail terminal, increasing storage capacity and condensate handling at Bells Run barge terminal on the Ohio River, and expanding the capacity of our saltwater disposal network and wells.

We achieved record saltwater disposal rates in the third quarter, the result of optimizing our newest disposal well in West Virginia along with the six other disposal wells on the system. We've also focused on utilization and deployment of our truck lead of approximately 100 vehicles, which we are transitioning to a seven-day, 24-hour operation.

On the commercial front, we are positioning ourselves with the top acreage holders in the Utica Shale play to meet all of their Midstream service needs -- trucking and disposing of water, picking up the first barrels of crude or condensate, and providing gathering and processing services. Our assets and relationships put us in a great position to compete for this business as it develops. We see great opportunities in finding condensate and NGL take-away solutions for our customers and have identified what we think will be some great business opportunities in this area.

For example, we have identified two potential Utica gas processing plant sites that would be entry points for our traditional business of gas gathering and processing. And we are working with producers to determine their needs and what it will take to support these projects. In addition, we are targeting rich gas production in the Marcellus play in West Virginia, offering much-needed condensate trucking and barge services to our Bells Run barge terminal on the Ohio River.

Turning to our Cajun Sibon project, our other big growth venture. We have acquired substantially all the right-of-way and are nearly finalized with all our permitting and have completed the long-term, fee-based commercial contracts for Phase I of our natural gas liquids pipeline extension. And construction has begun.

As a reminder, Phase I includes a 130-mile, 12-inch diameter pipeline that will extend our existing 440-mile Cajun Sibon NGL pipeline system and connect the Eunice NGL fractionation facility in south-central Louisiana to Mont Belvieu supply of pipelines in East Texas. As part of the project the Eunice fractionator is being expanded from 15,000 barrels to 55,000 barrels of NGL fractionation capacity per day, increasing our interconnected capacity in Louisiana to approximately 90,000 barrels per day.

The Eunice expansion work began in the third quarter. We've completed a shutdown of the plant to complete tie-in work to the existing fractionator and utilities and are finalizing detailed engineering. The major equipment is scheduled to arrive early next year. We expect Phase I in facilities, both the pipeline and the expanded fractionation plant, will be operating at full capacity in mid-2013.

We are optimistic that we will get the support we need to develop Phase II of the project because of the strong interest shown by midstream and producer customers. We are currently negotiating long-term commercial agreements for the 50,000 barrels a day of capacity created by Phase II.

It is interesting to note that despite the lower volumes in Phase I, Phase II will have a greater impact on EBITDA and the combination of Phases I and II would significantly impact -- increase our PNGL assets contributions. If contracted, Phase II would be completed in 2014 based on the current schedule.

Moving to North Texas, third-quarter gathering and transmission volumes were slightly lower than the second quarter but our processing plants continue to be full. This year strength in processing volumes is due to rich gas drilling and wells coming online with production rates better than forecasted.

About 40% of our total production in North Texas is rich gas. As we have said before, we expect our North Texas gathering and transmission volumes for 2012 will be approximately flat compared with the average for 2011. If the current gas price environment continues in 2013, we could see declines in our North Texas dry gas volumes next year and are undertaking several efforts to offset this decline.

We are exploring acquisition effort -- opportunities and pursuing new supply for gathering and processing and optimizing our existing assets.

As the Barnett matures it recently passed the 12.1 Tcf of cumulative production over its life. The price outlook will have a big impact on volumes as producers chose where to spend their dollars. There currently are approximately 15,000 locations remaining to be drilled in the Barnett shale. Half of these locations are within three miles of our assets, so we will have an excellent opportunity to compete for that gas as it is developed.

In the meantime, the reserves will still be there and we will benefit down the road as gas prices improve. Over the long term we expect our Barnett assets to provide relatively steady cash contributions to our results with little additional capital investment required.

Going west to the Permian Basin and our joint venture with Apache, we started up the new Deadwood cryogenic plant in May. Volumes are building up ahead of plan and the plant is already full. We will work with Apache, our joint venture partner, to evaluate potential expansion opportunities for Deadwood depending on expectations for volume growth.

We're continue discussions with producers regarding additional gathering and processing opportunities in the Permian, which are driven by the extremely high level of activity in the region where more than 450 rigs are currently drilling.

At our Mesquite rail terminal and fractionation plant, raw make volumes are growing because of the higher gas production at the Deadwood plant. We expect to complete some market connections in the next few days that will allow us to increase volumes through the Mesquite terminal.

You will recall that when we acquired the facility we assumed we would only operate it until the liquids lines coming out of West Texas expanded capacity in mid-2013. We are now analyzing the long-term utilization of the Mesquite terminal, possibly including NGL and crude transloading opportunities. We believe Mesquite's long-term value as a fractionation and crude transloading facility will be much greater than we realized when we put it into service.

In South Texas we remain excited about our solid investment in Howard Energy Partners, where we own a 30% equity stake in the company, as do GE Energy Financial Services and Qantas Services. Howard has a strong asset position in the Eagle Ford where their team is making great progress on several growth initiatives. We continue to see solid producer activity around the pipeline systems and Howard's midstream assets are performing well, as anticipated.

Howard's construction business has been operating well ahead of plan, providing midstream construction services for several producers in the area.

On our LIG system we have exposure to several developing plays, including the Austin Chalk and the Tuscaloosa Marine Shale, in addition to the Haynesville. These plays can provide great transportation processing and fractionation opportunities for us on our LIG and PNGL facilities. We are continuing to monitor producer activity on these -- in these systems for liquids-rich production opportunities that would benefit our LIG pipeline system.

E&Ps are especially active in the Tuscaloosa Marine Shale recently, where they have had early success finding and producing oil but with limited associated gas production. Our gas production to date is limited. Significant crude production has been developed and we are working to contract some of this volume by truck into our Riverside facility.

LIG's gathering and transmission third-quarter volumes slightly declined compared with the second quarter of 2012. The decrease was due to the service interruption on our 36-inch DOE pipeline near Napoleonville, the results of the sinkhole in Bayou Corne. The sinkhole has reduced our supply to the river markets and we suspect this to continue until we can restore service on this system.

We have chosen a route to replace the affected pipeline section and are moving forward with this project. We expect the cost to be about $25 million and anticipate that this is completed in the third quarter of 2013.

At our PNGL assets, NGL volumes are up 37% over the same period last year. This has been driven by our Eunice NGL rail expansion and Riverside NGL unloading projects which were completed earlier this year.

Market demand for NGL rail unloading and fractionation continues to grow. These projects have allowed us to increase our rail and truck volumes from the Permian, from the Marcellus, the Eagle Ford, and other producing regions.

We are scoping a further expansion of capacity for rail and truck unloading of an additional 5,000 barrels per day. By next year we will transition our PNGL business from a processing driven business to one that is over 80% crude and NGL driven. That percentage will continue to grow in the coming years.

Turning to our processing business in south Louisiana, we have been successful in pursuing contracts from new drilling in the Gulf of Mexico where we are beginning to see a resurgence of activity. Significant new Miocene production has been contracted at our Pelican gas processing complex. We also are aggressively pursuing gas associated with deepwater oil production, ultra-deep onshore, and shelf exploration projects.

We are currently processing approximately 60 million per day of Miocene gas production and expect to contract for another 70 million of Miocene gas by year-end for a total of about 130 million, growing to 150 million to 200 million next year. We are looking forward to a resurgence in drilling in the Gulf of Mexico in coming years that could benefit our PNGL business.

We have also, as you know, been pursuing work on our crude and condensate terminal business in south Louisiana where we have access to the LLS crude markets. Earlier this year we completed the Phase I modification of our Riverside facility for transloading crude oil from railcars to barges, which gives us the ability to move approximately 5,000 barrels a day of crude and condensate through Riverside and Eunice.

We started Phase II construction of our Riverside expansion, which will increase our capacity to transload crude oil from railcars to both barges and pipelines to approximately 15,000 barrels a day. Phase II will be operational in the second quarter of 2013.

We've entered into a long-term agreement with a crude supplier in the region that supports this $16 million expansion. We expect annual cash flows will be in the $10 million per year range.

Now I will give the call back to Barry.

Barry Davis - *Crosstex Energy, Inc. - President & CEO*

Thank you, Bill. In closing, I would like to reiterate that we have made significant headway integrating our Ohio assets into our everyday operations, and in only a short time, have created substantial value from this investment. We continue to make great progress on our growth projects that will lead to strong growth in 2013 and we have substantial capital to pursue an abundance of projects on the horizon.

Our vision in 2012 remains unchanged. We will continue to execute our strategy so we can be the best midstream energy solutions provider in the industry.

Now we will turn the call back to our operator and Bill, Mike, and I will be happy to answer any questions you may have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Darren Horowitz, Raymond James.

Darren Horowitz - *Raymond James - Analyst*

A couple questions for me, Mike. Going back to your discussion on hedging, I just want to make sure that I understand this correctly. When you are thinking about 2013 you've got 15% of your processing margin volumes that are at-risk or locked in?

Mike Garberding - *Crosstex Energy, Inc. - SVP & CFO*

Yes, when you think about it, when you think of total volumes -- again that is the difference between target and total volumes. So when we talk about the processing margin we said our target hedge percentage is about 15% of fourth quarter and about 15% of the year. So, again, total, from a hedge percentage, we are at about 15% hedged.

Darren Horowitz - *Raymond James - Analyst*

Okay. And then roughly or I think you said 36% of your total POL volume hedged as well, correct?

Mike Garberding - *Crosstex Energy, Inc. - SVP & CFO*

That is correct.

Darren Horowitz - *Raymond James - Analyst*

Okay. So with that being said, you also alluded to the fact that we are in this depressed NGL price environment with a lot of downward pressure on ethane. How do you view balancing the exposure relative to locking up more certainty around that side of the business?

Obviously, I recognize within the overall context the processing the exposure for you in this previous quarter was only about 10%, but I'm just trying to get a better idea of how you guys think about the forward market, recognizing there probably could be a lot of incremental supply push. The forward curve for ethane in particular is very backward-dated and very steep in slope. So how do you think about balancing that exposure versus locking in that cash flow certainty?

Mike Garberding - *Crosstex Energy, Inc. - SVP & CFO*

Well, from a POL standpoint we will continue to hedge ethane as it hits prices that we like on a forward curve basis, which again usually is more near term than longer term. From a processing margin standpoint, we really look at the ethane-to-gas ratio and see how that has been trading.

Since ethane has been really trading more of a gas equivalent, we will continue to lock in opportunities when there is margin to be had when you look at what that margin would be over the bid-ask of the actual hedge. So as long as it really trades around parity to gas it does not make a lot of sense to hedge.

Darren Horowitz - *Raymond James - Analyst*

Okay. At this point in time, with 36% of that total POL volume next year hedged and 15% of target to processing spread hedged, is that where you want to be looking at the year ahead or slightly above or below plan? I am just trying to get a --

Mike Garberding - *Crosstex Energy, Inc. - SVP & CFO*

No, if you think about how we have always thought about it; again, from a target standpoint, we would like to be from a target about 80% hedged. So if you look on POL we are close to our target goals on where we want to hedge. On processing margin, like we said, we would like to be more in that 80% of target but are not. Mainly because of the relationship of ethane to gas.

Darren Horowitz - *Raymond James - Analyst*

Okay. Then if you could just provide a little bit more color around the timing in the middle of next year when you are forecasting Cajun Phase I to enter the income statement and also that Riverside expansion. I am just trying to get a sense for how the cash flow should ramp and exactly in what quarter it is going to ramp.

Mike Garberding - *Crosstex Energy, Inc. - SVP & CFO*

Yes, so, when you think about first Riverside Phase II we have said ultimately Riverside Phase II should come on in Q2. And when you talk about Cajun Sibon Phase I we have talked about Cajun Sibon Phase I coming on at the end of Q2 or the beginning of Q3.

Darren Horowitz - *Raymond James - Analyst*

Okay, that's helpful. Thank you.

Operator

T.J. Schultz, RBC Capital Markets.

T.J. Schultz - *RBC Capital Markets - Analyst*

I guess just first on Ohio River Valley; it sounds like things are trending ahead of where you initially thought. I guess as you deploy capital there first are you seeing opportunities kind of beyond the initial $50 million that you indicated?

Then I guess second to that are there any more current expectations for timing kind of to drive that original investment multiple down to that 5 times EBITDA that you had originally talked about kind of as a 3-year outlook?

Barry Davis - *Crosstex Energy, Inc. - President & CEO*

Yes, TJ, first of all, we are very pleased with the start that we have been able to get off to there. We think the plan that we laid out clearly to you in terms of the $50 million investment is the plan that we are currently executing and things are going about the way that we anticipated, except that we are seeing a quicker ramp of volumes obviously driving a little ahead of expectation on the earnings build.

Beyond that -- we kind of think of that as the Phase I growth and response to the growing volumes there in the Utica that we are so well-positioned for. Volumes of crude, condensate, and water.

Beyond that, as we look to Phase II, which would be a larger infrastructure build out, we still believe there are tremendous opportunities. We are in front of those opportunities as we speak, and I would say are just working diligently in the commercial development of those opportunities and certainly expect to participate in that.

T.J. Schultz - *RBC Capital Markets - Analyst*

Okay, great, thanks. Just moving to the Eagle Ford, it sounds like bottom line services is kind of exceeding your expectations. I guess earlier this year you had provided a range for 2013 from the Howard investment to contribute maybe $10 million to $15 million of operating income next year. Just given where bottom line is going, are you still comfortable with this range for next year?

Bill Davis - *Crosstex Energy, Inc. - EVP & COO*

Yes, yes. That's Bill there.

T.J. Schultz - *RBC Capital Markets - Analyst*

Good, fair enough. I guess just last thing; on the sinkhole issue, any more thoughts on the overall business impact here? I think you had mentioned $250,000 to $300,000 per month. Is that still a good estimate?

Bill Davis - *Crosstex Energy, Inc. - EVP & COO*

Yes, it is.

T.J. Schultz - *RBC Capital Markets - Analyst*

Okay, great. Thanks, guys.

Operator

John Edwards, Credit Suisse.

John Edwards - *Credit Suisse - Analyst*

You know my questions have been asked, so thank you very much.

Operator

(Operator Instructions) Sharon Lui, Wells Fargo.

Sharon Lui - *Wells Fargo Securities - Analyst*

Question on the PNGL processing volumes. It looked like it was a significant, I guess, sequential decline because of commodity pricing. Do you think it has bottomed at these levels?

Barry Davis - *Crosstex Energy, Inc. - President & CEO*

Pretty much, yes.

Barry Davis - *Crosstex Energy, Inc. - President & CEO*

Pretty much, yes. I mean that is all -- the volumes there that you see going away are all the opportunity processing that our guys create by watching the interstate flows around the system and seeing what margins can be created based on the price tag and the quality of that gas. Given where ethane has been, as we have discussed, just the opportunity there has been extremely limited lately, so we haven't bringing that opportunity gas into the plant.

Sharon Lui - *Wells Fargo Securities - Analyst*

Okay, that is helpful. Then I guess turning to North Texas, maybe if you can give an update on that recontracting and what the rates may look like? I think that there was a contract that expired or is --

Mike Garberding - *Crosstex Energy, Inc. - SVP & CFO*

It did. If you looked in the latest information, what we have done is we have done a six-month extension with them and we are currently negotiating a longer-term contract. I think what we have said is that we do expect the rates to potentially decline versus where we were in the past, but, again, we are still in process of putting a long-term contract in place on that.

Sharon Lui - *Wells Fargo Securities - Analyst*

And I guess in terms of the decline, how material is that decline? Is it 25% reduction in terms of recontracting rates or --?

Mike Garberding - *Crosstex Energy, Inc. - SVP & CFO*

I think that is still to be too determined. I mean, as we are seeing, we are just really in a six-month contract to work through the longer-term contract.

Sharon Lui - *Wells Fargo Securities - Analyst*

Okay. Are there any, I guess, material contracts coming up besides this one?

Mike Garberding - *Crosstex Energy, Inc. - SVP & CFO*

The only other ones you will see are just the ones you will see that will naturally roll off in North LIG we have talked about. That given our weighted average life of contract of five years, you will see some roll off now through year 10.

Sharon Lui - *Wells Fargo Securities - Analyst*

Great, thank you.

Operator

With no further questions at this time I would now like to turn the call back to Mr. Barry Davis for closing remarks.

Barry Davis - *Crosstex Energy, Inc. - President & CEO*

Okay, thank you. As we close we want to acknowledge that many of you on the call today are in the Northeast and have been impacted by Hurricane Sandy. Just want you to know that our thoughts and prayers are with you, that we hope your lives will get back to some level of normalcy as soon as possible, and we do thank you for your participation today in the midst of that struggle and for your ongoing support.

So thank you and have a great day and a great weekend. Appreciate you being on the call.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This concludes the presentation. You may now disconnect. Good day.