[STAR LOGO] [PETRO LOGO]

Supplement
to Joint Proxy Statement and Prospectus of
Star Gas Partners, L.P.
and
Petroleum Heat and Power Co., Inc.

This is a supplement to our joint proxy statement and prospectus dated February 10, 1999, that was initially supplemented on February 19, 1999, describing Star Gas Partners, L.P.'s proposed acquisition of Petroleum Heat and Power Co., Inc., and related matters.

On March 3, 1999 Star Gas Partners filed amendment number 3 to its registration statement on Form S-3 for the equity offering. This amendment included updated pro forma financial information which is included in this supplement along with other important information. You should carefully consider the information in this supplement together with the information in our joint proxy statement and prospectus.

This supplement does not change the proposals previously submitted for your approval. If you have already properly completed and returned a proxy, your proxy will continue to be valid, and you do not have to complete and return the enclosed proxy unless you wish to do so. For more information on voting, please call our proxy solicitor, Morrow & Co., at 1(800) 566-9061.

The transaction cannot be completed unless it is approved by a majority of all Star Gas Partners common units and a majority of the shares of Petro Class A common stock. If you fail to vote by proxy or in person, it will have the same effect as a vote against the transaction.

The date, times and place of the meetings are as follows:

Star Gas Partners Unitholders Meeting:
Tuesday, March 16, 1999
10:00 a.m. EST
Chase Manhattan Bank
270 Park Avenue, 11th Floor
New York, New York

Petro Stockholders Meeting:
Tuesday, March 16, 1999
11:00 a.m. EST
Chase Manhattan Bank
270 Park Avenue, 11th Floor
New York, New York

The record date for both meetings was January 29, 1999.

/s/ Joseph P. Cavanaugh

Joseph P. Cavanaugh
President
Star Gas Corporation

/s/ Irik P. Sevin

Irik P. Sevin
Chairman of the Board and
Chief Executive Officer
Petroleum Heat and Power Co., Inc.

Please vote by completing and mailing the enclosed proxy card. For your vote to be counted you must return a signed proxy card whether your shares or units are held directly or through a broker.

The date of this supplement is March 4, 1999

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CASH AVAILABLE FOR DISTRIBUTION BASED ON UPDATED PRO FORMA FINANCIAL INFORMATION

The amount of cash needed to pay the minimum quarterly distribution for the next four quarters on units outstanding before the transaction is approximately:

Common units	$ 8.5 million
Subordinated units	5.2 million
General partner interests	0.3 million
Total	$14.0 million

After giving pro forma effect to propane acquisitions completed in the twelve months ended December 31, 1998, and without giving pro forma effect to the transaction, the amount of Available Cash constituting Operating Surplus generated in the twelve months ended December 31, 1998 was approximately $8.0 million.

Assuming 9.0 million common units will be issued in the equity offering, after giving pro forma effect to the transaction, the amount of Available Cash constituting Operating Surplus needed to pay the minimum quarterly distribution for next four quarters on the units to be outstanding immediately after the transaction is approximately:

Common units	$29.8 million
Senior subordinated units	5.7 million
Junior subordinated units	1.0 million
General partner units	0.8 million
Total	$37.3 million

After giving pro forma effect to the transaction, the amount of pro forma Available Cash constituting Operating Surplus generated during the twelve months ended December 31, 1998, would have been approximately $14.0 million. If infrequent restructuring, corporate identity and transaction expenses were not taken into effect, pro forma Available Cash constituting Operating Surplus would have been approximately $19.6 million. In 1998, temperatures were significantly warmer than normal for the areas in which Star Gas Partners conducts its propane operations and Petro conducts its home heating oil operations. Star Gas Partners believes that overall levels of both pro forma Available Cash from Operating Surplus and EBITDA were adversely affected during 1998 due to this abnormally warm weather.

UPDATE TO SELLING UNITHOLDER INFORMATION

We are revising the Selling Unitholders' chart on page 104 of the joint proxy statement and prospectus to correct the unit ownership figures for the following selling unitholders: R. O'Connell--155,347 senior subordinated units; Fernando Montero--28,281 senior subordinated units and Gabes S.A.--84,943 senior subordinated units.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated financial information gives effect to the acquisition of Petro by Star Gas Partners, the transaction, including the equity offering, the debt offering and the application of the net proceeds from these offerings as described in "Uses of Funds From The Equity Offering and the Debt Offering." The information presented is derived from, should be read in conjunction with, and is qualified in its entirety by, reference to the historical financial statements, and related notes, appearing elsewhere and incorporated by reference in the joint proxy statement and prospectus.

The unaudited pro forma condensed consolidated balance sheet was prepared as if the transaction had occurred on December 31, 1998. The unaudited pro forma condensed consolidated statement of operations for the twelve months ended September 30, 1998 was prepared as if the transaction had occurred on October 1, 1997. The unaudited pro forma condensed consolidated statement of operations for the three months ended December 31, 1998 was prepared as if the transaction had occurred on October 1, 1998.

The pro forma adjustments are based upon currently available information and certain estimates and assumptions described below, and therefore, the actual adjustments may differ from the unaudited pro forma adjustments. However, management believes that the assumptions provide a reasonable basis for representing the significant effects of the transaction as contemplated and that the unaudited pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed consolidated financial information. The unaudited pro forma condensed consolidated balance sheet and statement of operations are not necessarily indicative of the financial position or results of operations of Star Gas Partners if the transaction had actually occurred on the dates indicated above. Likewise, the unaudited pro forma condensed consolidated financial information is not necessarily indicative of future financial combined position or future results of combined operations of Star Gas Partners.

Star Gas Partners, L.P. and Subsidiaries

Pro Forma Condensed Consolidated Balance Sheet (unaudited)
December 31, 1998
(In thousands)

	Star Gas Partners L.P.	Petro	Pro Forma Adjustments	Pro Forma Combined	The Offerings	Star Gas Partners, L.P. Adjusted Pro Forma
ASSETS						
Current assets:						
Cash	$ 5,831	$ 2,004		$ 7,835	$ 87,578 (g)	$ 13,631
					143,950 (h)	
					(237,532)(o)	
					11,800 (o)	
Restricted cash		4,900		4,900	(4,900)(o)	
Accounts receivable	9,153	56,845		65,998		65,998
Inventories	9,898	17,534		27,432		27,432
Prepaid expenses and other current assets	632	7,023		7,655		7,655
Total current assets	25,514	88,306		113,820	896	114,716
Cash collateral account		6,900		6,900	(6,900)(o)	
Property and equipment, net	109,475	28,124	$ 11,985 (f)	149,584		149,584
Intangible and other assets, net	50,414	76,201	270,948 (f)	397,563	2,422 (g)	399,985
Total assets	$185,403	$ 199,531	$282,933	$667,867	$ (3,582)	$664,285
LIABILITIES AND PARTNERS' CAPITAL						
Current liabilities:						
Current debt and preferred stock	$ 1,384	$ 12,188		$ 13,572	$ (9,797)(o)	$ 3,775
Bank credit facility borrowings	10,720	--		10,720		10,720

Accounts payable......	3,608	10,129		13,737		13,737
Unearned service contract revenue.....		15,430		15,430		15,430
Accrued expenses and income taxes.........	2,500	31,652	$ 4,600 (d) 3,727 (e)	42,479	(3,727)(o)	38,752
Accrued interest and dividends............	2,390	--	648 (a)	3,038		3,038
Customer credit balances.............	4,684	27,884		32,568		32,568
Total current liabilities.........	25,286	97,283	8,975	131,544	(13,524)	118,020
Long-term debt........	103,616	278,731	2,806 (b)	385,153	90,000 (g) (200,404)(o)	274,749
Deferred income taxes................		--	46,000 (d)	46,000		46,000
Other long-term liabilities..........	53	10,764	(3,500)(d)	7,317		7,317
Redeemable and exchangeable preferred stock......		28,578	(4,974)(b)	23,604	(23,604)(o)	--
Partners' capital						
Common unitholders....	57,347		1,747 (c)	59,094	143,950 (h)	203,044
Subordinated unitholders..........	(962)		46,149 (f) (31,332)(f)	13,855		13,855
General partner.......	63		4,329 (f) (3,092)(f)	1,300		1,300
Petro's stockholders' deficiency...........		(215,825)	(648)(a) 2,168 (b) (1,747)(c) (47,100)(d) (3,727)(e) 266,879 (f)			
Total partners' capital..............	56,448	(215,825)	233,626	74,249	143,950	218,199
Total liabilities and partners' capital....	$185,403	$ 199,531	$282,933	$667,867	$ (3,582)	$664,285

Star Gas Partners, L.P. and Subsidiaries

Pro Forma Condensed Consolidated Statement of Operations
(unaudited)
Twelve Months Ended September 30, 1998
(In thousands, except per unit data)

	Star Gas Partners, L.P.	Propane Acquisitions(i)	Combined Propane Operations	Petro(j)	Pro Forma Adjustments	Pro Forma Combined	The Offerings	Star Gas Partners, L.P. Adjusted Pro Forma
Sales..................	$111,685	$4,386	$116,071	$452,765	$(2,681)(k)	$566,155		$566,155
Costs and expenses:								
Cost of sales........	49,498	1,972	51,470	299,987	(1,985)(k)	349,472		349,472
Operating expenses...	43,281	1,090	44,371	117,849	(669)(k)	161,551		161,551
Restructuring charges.............				2,085		2,085		2,085
Transaction expenses............				1,029		1,029		1,029
Corporate identity expenses............				1,100		1,100		1,100
Provision for supplemental benefits				409		409		409
Depreciation and amortization........	11,462	548	12,010	27,514	(87)(k) (2,927)(l)	36,510		36,510
Net gain (loss) on sales of assets.....	(271)		(271)	11,507	(11,284)(k)	(48)	--	(48)
Operating income.......	7,173	776	7,949	14,299	(8,297)	13,951		13,951
Interest (income) expense, net...................	7,927	427	8,354	30,803		39,157	$(14,463)(p)	24,694
Amortization of debt issuance costs........	176	--	176	1,432	--	1,608	(1,148)(n)	460

Income (loss) before income taxes	(930)	349	(581)	(17,936)	(8,297)	(26,814)	15,611	(11,203)
Income tax expense	25		25	475		500		500
Income before equity interest in Star Gas Corporation				(18,411)				
Share of income (loss) of Star Gas Corporation				(317)	317 (m)			--
Net income (loss)	$ (955)	$ 349	$ (606)	$(18,728)	$(7,980)	$(27,314)	$ 15,611	$(11,703)
General partner's interest in net income (loss)	$ (19)							$ (234)
Limited partners' interest in net income (loss)	$ (936)							$(11,469)
Basic and diluted net income (loss) per limited partner unit	$ (0.16)							$ (0.72)(q)
Weighted average number of limited partner units outstanding	6,035	220	6,255		103 (c) (2,396)(f) 430 (f) 2,491 (f)	6,883	9,000 (h)	15,883 (q)

Star Gas Partners, L.P. and Subsidiaries

Pro Forma Condensed Consolidated Statement of Operations
(unaudited)
Three Months Ended December 31, 1998
(In thousands, except per unit data)

	Star Gas Partners, L.P.	Petro(j)	Pro Forma Adjustments	Pro Forma Combined	The Offerings	Star Gas Partners, L.P. Adjusted Pro Forma
Sales	$30,237	$116,540		$146,777		$146,777
Costs and expenses:						
Cost of sales	11,978	74,018		85,996		85,996
Operating expenses	11,724	30,123		41,847		41,847
Transaction expenses	--	3,794		3,794		3,794
Provision for supplemental benefits		90		90		90
Depreciation and amortization	3,008	6,166	$ (41)(l)	9,133		9,133
Net gain (loss) on sales of assets	(4)	(15)		(19)		(19)
Operating income	3,523	2,334	41	5,898		5,898
Interest expense, net	2,178	7,820		9,998	$(3,617)(p)	6,381
Amortization of debt issuance costs	45	335		380	(264)(n)	116
Income (loss) before income taxes	1,300	(5,821)	41	(4,480)	3,881	(599)
Income tax expense	6	75		81		81
Income before equity interest in Star Gas Corporation		(5,896)				
Share of income (loss) of Star Gas Corporation		770	(770)(m)			
Net income (loss)	$ 1,294	$ (5,126)	$ (729)	$ (4,561)	$ 3,881	$ (680)
General partner's interest in net income (loss)	$ 26					$ (14)

Limited partners' interest in net income (loss).................	$ 1,268				$ (666)
	=======				========
Basic and diluted net income (loss) per limited partner unit...	$ 0.20				$ (0.04)
	=======				========
Weighted average number of limited partner units outstanding......	6,255	103 (c) (2,396)(f) 430 (f) 2,491 (f)	6,883	9,000 (h)	15,883

Star Gas Partners, L.P. and Subsidiaries

Notes to Pro Forma Condensed Consolidated Financial Information

The following pro forma adjustments give effect to:

(1) the offering of 809,000 common units by Star Gas Partners on December 16, 1997;

(2) the acquisition of Petro;

(3) the debt offering; and

(4) the equity offering,

as if each transaction had taken place on December 31, 1998, in the case of the pro forma condensed consolidated balance sheet, or as of October 1, 1997, in the case of the pro forma condensed consolidated statement of operations for the twelve months ended September 30, 1998, or as of October 1, 1998, in the case of the pro forma condensed consolidated statement of operations for the three months ended December 31, 1998.

The pro forma adjustments are based upon currently available information, estimates and assumptions and a preliminary determination and allocation of the total purchase price for Petro and therefore the actual results may differ from the pro forma results. However, management believes that the assumptions provide a reasonable basis for presenting the significant effects of the transactions as contemplated, and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the pro forma financial information.

Transaction Related Adjustments

(a) Reflects the accrued dividends payable on Petro's 1989 preferred stock and 12 7/8% preferred stock.

(b) Reflects the negotiated discount of approximately $5.0 million to redeem Petro's 12 7/8% preferred stock and the negotiated premium of approximately $2.8 million to refinance Petro's public debt.

(c) Reflects the issue of 0.8 million shares of junior preferred stock of Petro, which will be converted into 0.1 million common units upon completion of the transaction at an assumed value of $17.00 per unit. The junior preferred stock was issued to the holders of Petro's 9 3/8% subordinated debentures, 10 1/8% subordinated notes, and 12% subordinated debentures, and 12 7/8% preferred stock as consideration for consenting to the early redemption of those securities.

The Transaction (Merger and Exchange)

(d) Represents:

(1) the estimated amount of current federal and state taxes to be incurred of $4.6 million;

(2) the estimated amount of deferred federal and state income taxes to be recognized of $46.0 million; and

(3) the elimination of the tax liability associated with the Pearl Gas conveyance of $3.5 million.

(e) Reflects the estimated additional amount of $3.7 million to be recorded by Petro for legal, professional and advisory fees incurred by Petro and Star Gas Partners in the transaction. Total estimated expenses are $8.6 million. As of September 30, 1998 Petro has recorded $1.1 million in transaction expenses. For the three months December 31, 1998, Petro has recorded $3.8 million in transaction expenses.

(f) Represents the exchange of 26.5 million shares of Petro's Class A common stock and Class C common stock valued at $50.5 million for 2.5 million Star Gas Partners senior subordinated units valued at $40.4 million, 0.4 million Star Gas Partners junior subordinated units valued at $5.8 million and 0.3 million general partner units valued at $4.3 million. The 2.4 million Star Gas Partners subordinated units outstanding prior to the transaction will be contributed to Star Gas Partners by Petro. The value assigned to Petro's Class A

common stock is $45.5 million or $1.91 per share and the value assigned to Petro's Class C common stock is $5.0 million or $1.91 per share. The method used to determine the fair market value of Petro's Class A and Class C common stock was based on an implied unit analysis. The method used to determine the fair market value of Star Gas Partners' senior subordinated units, junior subordinated units and general partner units was based on an implied unit analysis. See page 68 of the joint proxy statement and prospectus.

The table below summarizes the preliminary allocation by Star Gas Partners of the excess of purchase price over book value related to the acquisition of Petro. The allocation of the purchase price is based on the results of a preliminary appraisal of property, plant and equipment, customer lists and the December 31, 1998 recorded values for tangible assets and liabilities. The anticipated closing date of the transaction is March 31, 1999. This purchase price allocation will be updated for changes in current assets and liabilities based on Petro's operating results from January 1, 1999 to the anticipated closing date. From January 1, 1999 to the closing date, it is expected that Petro will generate net income and positive cash flows and that working capital will increase. As a result, the amount of goodwill to be recorded on the closing date will decrease. Subject to Petro's operating results which could be impacted by weather, among other factors, it is estimated that the increase in working capital for Petro from January 1, 1999 to the closing date will range between $35 million to $40 million.

The preliminary allocation is as follows:	(In thousands)
Consideration given for the exchange of Petro shares..........	$ 50,478
Transaction expenses (1)......................................	7,667
Total consideration..	58,145
Fair market value of Petro's assets and liabilities as of December 31, 1998:	
Current assets..	(92,246)
Cash collateral account.......................................	(6,900)
Property, plant and equipment (2).............................	(40,109)
Value of Petro's investment in Star Gas.......................	(34,424)
Current liabilities...	97,283
Accrued income taxes..	4,600
Accrued preferred dividends...................................	648
Long-term debt..	281,537
Deferred income taxes...	46,000
Other liabilities...	7,264
Preferred stock...	23,604
Junior preferred stock..	1,747
Subtotal..	289,004
Total value assigned to intangibles and other assets..........	347,149
Carrying amount of intangibles and other assets...............	(76,201)

Allocation of excess purchase price to intangibles	$	270,948
Consisting of:		
Customer lists	$	95,000
Goodwill		251,184
Other assets		965
Total intangibles and other assets	$	347,149

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(1) Transaction expenses include legal, accounting, investment advisory and asset appraisal costs.
(2) Includes fair market value adjustment of $12.0 million.

The fair market value for property plant and equipment, excluding real estate, was established using the cost approach method. The market approach was used in valuing the real estate. The value assigned to customer

lists was derived using a discounted cash flow analysis. The cash flows attributable to the customer lists were discounted back at an equity risk adjusted cost of capital to the net present value. Any excess was attributable to goodwill.

The Debt Offering and The Equity Offering

(g) Reflects the estimated net proceeds to Petro of $87.6 million from the $90.0 million debt offering, net of underwriting discounts and commissions estimated to be $1.4 million and offering expenses estimated to be $1.0 million. These costs are being amortized over the term of the related debt which is 8.5 years.

(h) Reflects the estimated net proceeds to Star Gas Partners of $144.0 million from the issuance and sale of 9.0 million common units in the equity offering at an assumed offering price of $17.00 per common unit, net of underwriting discounts and commissions estimated to be $7.7 million and offering expenses estimated to be $1.4 million.

The Propane Acquisitions

(i) Represents the results of certain propane distributors acquired by Star Gas Partners in fiscal 1998 from October 1, 1997 to their dates of acquisition. Results of these distributors from the dates of acquisition to September 30, 1998 are included in Star Gas Partners' twelve months ended September 30, 1998 results adjusted for:

(1) cost savings of $0.3 million, primarily executive compensation and legal expenses relating to selling shareholders;

(2) additional depreciation and amortization of $0.5 million; and

(3) additional interest expense of $0.4 million.

There were no propane acquisitions completed in the three months ended December 31, 1998.

The Transaction (Acquisition of Petro)

(j) Represents the results of operations of Petro for the twelve months ended September 30, 1998 or the three months ended December 31, 1998. Estimated expenses of $8.6 million to be incurred by Petro as a direct result of its acquisition by Star Gas Partners will be included in Petro's actual statement of operations. For the twelve months ended September 30, 1998, Petro has recorded $1.1 million of these expenses. For the three months ended December 31, 1998, Petro has recorded $3.8 million of these expenses.

(k) Adjustment to reflect the disposition of Petro's Hartford, Connecticut operations in November 1997. Petro received cash proceeds of $15.6 million and recorded a gain of $11.3 million. The carrying value of these assets at the time of sale was $4.3 million.

(l) Adjustment to depreciation and amortization expense attributable to the acquisition of Petro.

Star Gas Partners believes that the amortization periods assigned to the assets below are appropriate. However, if the final amortization periods assigned to the tangible and intangible assets were of shorter duration, the amount of depreciation and amortization would increase and reduce net income. For the twelve months ended September 30, 1998, the following table summarizes the effect on depreciation and amortization of the acquisition of Petro.

	Net Book Value Amount per Petro's Financials			Amount per Appraisal			Difference
Property and equipment, net	Asset(1)	Life	Depreciation(2)	Asset(1)	Life	Depreciation(2)	Depreciation
Land................	$ 2,092		$ --	$ 3,300		$ --	$ --
Buildings...........	4,788	20-45 years	419	4,300	30 years	143	(276)
Fleet...............	5,908	5 to 7 years	2,866	12,800	6 years	2,135	(731)
Leasehold...........	4,270	term of leases	562	5,900	term of leases	457	(105)
Computer, furniture and fixtures.......	7,377	5 to 7 years	2,491	9,700	5 to 7 years	1,661	(830)
Service & other equipment..........	3,689	5 to 13 years	692	4,109	5 to 13 years	557	(135)
Total property and equipment..........	$28,124		$ 7,030	$ 40,109		$ 4,953	$(2,077)
Intangible and other assets, net	Asset(1)	Life	Amortization(2)	Asset(1)	Life	Amortization(2)	Amortization
Customer list.......	$52,596	6.5 years	$17,364	$ 95,000	10 years	$ 9,500	$(7,864)
Goodwill............	9,013	25 years	1,129	251,184	25 years	10,047	8,918
Covenants not to compete............	2,855	5 to 7 years	1,904	--		--	(1,904)
Other assets........	965		--	965		--	--
Total intangible and other assets.......	$65,429		$20,397	$347,149		$19,547	$ (850)
Totals..............			$27,427			$24,500	$(2,927)

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(1) As of December 31, 1998.
(2) For the twelve months ended September 30, 1998.

Petro's property, plant and equipment is being depreciated using a historical cost which is approximately $80 million. The fair market value of these assets is $40.1 million. When depreciation expense is calculated based on the fair market value, this expense is $2.1 million lower than historical depreciation. Pro forma depreciation is less than historical depreciation due to decline in the asset base being depreciated and an extension of the useful lives of those assets. The remaining lives assigned to property, plant and equipment were determined by an independent appraisal firm. All property, plant and equipment is depreciated using the straight-line method.

Pro forma customer list amortization is less than historical amortization due to a longer life and a lower amortization asset. The original cost used to amortize historical customer list was approximately $120 million. The longer life represents Petro's improved retention rate as well as the retention of customers obtained through internal marketing, which have a higher retention rate than for customers acquired through acquisition. Petro's previous acquisitions represented the acquisition of customers. The acquisition of Petro by Star Gas Partners is an acquisition of an on-going business. The appraisal assigned a greater allocation to goodwill than what was previously allocated by Petro in their purchase of a 188 relatively small fuel oil dealers. This resulted in approximately $8.9 million of additional amortization, largely offsetting the $7.9 million of less customer list amortization. Restrictive covenants were not assigned a value under the pro forma intangibles due to the minimal amount of the asset value expected at closing. Intangibles are amortized on a straight-line basis.

For the three months ended December 31, 1998, the following table summarizes the effect on depreciation and amortization of the acquisition of Petro.

	Net Book Value Amount per Petro's Financials			Amount per Appraisal			Difference
Property and equipment, net	Asset(1)	Life	Depreciation(2)	Asset(1)	Life	Depreciation(2)	Depreciation
Land................	$ 2,092		$ --	$ 3,300		$ --	$ --
Buildings...........	4,788	20-45 years	76	4,300	30 years	36	(40)
Fleet...............	5,908	5 to 7 years	676	12,800	6 years	534	(142)
Leasehold...........	4,270	term of leases	148	5,900	term of leases	114	(34)
Computer, furniture and fixtures.......	7,377	5 to 7 years	655	9,700	5 to 7 years	415	(240)
Service & other equipment..........	3,689	5 to 13 years	219	4,109	5 to 13 years	139	(80)
Total property and equipment..........	$28,124		$1,774	$ 40,109		$1,238	$ (536)
Intangible and other assets, net	Asset(1)	Life	Amortization(2)	Asset(1)	Life	Amortization(2)	Amortization
Customer list.......	$52,596	6.5 years	$3,703	$ 95,000	10 years	$2,375	$(1,328)
Goodwill............	9,013	25 years	248	251,184	25 years	2,512	2,264
Covenants not to compete............	2,855	5 to 7 years	441	--		--	(441)
Other assets........	965		--	965		--	--
Total intangible and other assets.......	$65,429		$4,392	$347,149		$4,887	$ 495
Totals..............			$6,166			$6,125	$ (41)

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(1) As of December 31, 1998.

(2) For the three months ended December 31, 1998.

(m) Reflects the elimination of Petro's equity interest in Star Gas Partners.

The Offerings

(n) Reflects the net adjustment for the twelve months ended September 30, 1998 to amortization of debt issuance costs of $1.1 million attributable to the debt offering and the acquisition of Petro. Amortization of debt issuance costs is decreased by $1.4 million relating to the repayment of Petro debt and is increased by $0.3 million relating to the 7.92% notes. For the three months ended December 31, 1998, amortization of debt issuance costs is decreased by $0.3 million relating to the repayment of Petro debt and is increased by $0.1 million relating to the 7.92% notes.

(o) Reflects the use of the net proceeds from the equity offering and, the debt offering to repay $83.0 million of Petro's 12 1/4% Senior Subordinated Debentures due 2005 including $2.8 million of premiums, to repay $48.7 million of Petro's 10 1/8% Senior Subordinated Notes due 2003, to repay $74.3 million of Petro's 9 3/8% Senior Subordinated Debentures due 2006, to retire $23.6 million of Petro's 12 7/8% Exchangeable Preferred Stock, to retire $4.2 million of Petro's 14.33% Exchangeable Preferred Stock and to pay $3.7 million of transaction expenses. As of December 31, 1998 Petro had paid $4.8 million in transaction expenses. As a result of the transaction, both Petro's current and long-term restricted cash balances become available for general business purposes.

(p) Reflects the net reduction to interest expense of $14.5 million for the twelve months ended September 30, 1998. This amount reflects $7.1 million of additional interest expense annually on the $90.0 million in principal amount of the notes at an interest rate of 7.92%. This amount also reflects an annual reduction in interest expense of $21.9 million due to the repayment of $203.2 million of Petro public debt with the proceeds of the equity offering and the debt offering. In addition interest income is reduced by $0.3 million, as $6.0 million of Petro's cash is used to finance the transaction.

The following table summarizes the effect on interest expense of the transaction for the twelve months ended September 30, 1998:

	Amount	Interest Rate	Interest Expense

	Amount	Interest Rate	Interest Expense
Debt Repaid			
Petro 12 1/4% senior subordinated debentures(1)....	$80,155	12.25%	$ 9,819
Petro 10 1/8% senior subordinated notes...........	48,739	10.125%	4,934
Petro 9 3/8% senior subordinated debentures........	74,334	9.375%	6,968
Lower letter of credit fees on acquisition notes...			191
Total reductions to interest expense............			$21,912

	Amount	Interest Rate	Interest Expense
New Debt Issued and Cash Balance Reduction			
Petro 7.92% notes................................	$90,000	7.92%	$(7,128)
Lower invested cash balances......................	6,004	5.34%	(321)
Net reduction to interest expense.................			$14,463

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(1) Excludes prepayment premium of $2.8 million.

The following table summarizes the effect on interest expense of the transaction for the three months ended December 31, 1998:

	Amount	Interest Rate	Interest Expense
Debt Repaid			
Petro 12 1/4% senior subordinated debentures(1)....	$80,155	12.25%	$ 2,455
Petro 10 1/8% senior subordinated notes...........	48,739	10.125%	1,234
Petro 9 3/8% senior subordinated debentures........	74,334	9.375%	1,742
Lower letter of credit fees on acquisition notes...			48
Total reductions to interest expense............			$ 5,479

	Amount	Interest Rate	Interest Expense
New Debt Issued and Cash Balance Reduction			
Petro 7.92% notes................................	$90,000	7.92%	$(1,782)
Lower invested cash balances......................	6,004	5.34%	(80)
Net reduction to interest expense.................			$ 3,617

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(1) Excludes prepayment premium of $2.8 million.

(q) The partnership agreement provides that for each non-overlapping four quarter period that occurs after the first anniversary of the transaction, but before the fifth anniversary of the transaction, in which the dollar amount of Petro Adjusted Operating Surplus per Petro Unit equals or exceeds $2.90. Star Gas Partners will issue 303,000 senior subordinated units, pro rata, or 303,000 Class B common units, pro rata, if such issuance occurs after the end of the subordination period. These additional senior subordinated units will be issued to the current holders of the senior subordinated units, junior subordinated units and the general partner units. Star Gas Partners may not issue more than an aggregate of 909,000 senior subordinated units or Class B common units under this provision. The issuance of these senior subordinated units will not generate any additional proceeds to Star Gas Partners. When these units are issued, an additional amount of goodwill will be recorded. Assuming 303,000 senior subordinated units are issued, the amount of goodwill to be recorded will be $4.9 million. As a result, annual amortization expense would increase by $0.2 million and would decrease net income per limited partner unit by $0.01 per unit. If these senior subordinated units are issued and they are converted into Class B common units, the Class A common units would be diluted in terms of available cash to be used for payment of the quarterly distributions.