UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1997

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File Number: 33-98490

STAR GAS PARTNERS, L.P.
(Exact name of registrant as specified in its charter)

Delaware	06-1437793
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2187 Atlantic Street, Stamford, Connecticut 06902
(Address of principal executive office) (Zip Code)

(203) 328-7300
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) had been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of May 13, 1997:

Star Gas Partners, L.P. 2,875,000 Common Units
2,396,078 Subordinated Units

STAR GAS PARTNERS, L.P. AND SUBSIDIARY

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STAR GAS PARTNERS, L.P. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 1996	March 31, 1997 (unaudited)
Assets		
Current assets:		
Cash	$ 1,106	$ 4,319
Receivables, net of allowance of $291 and $378, respectively	7,226	11,984
Inventories	8,494	3,552
Prepaid expenses and other current assets	1,016	1,467
Total current assets	17,842	21,322
Property and equipment, net	97,733	97,740
Intangibles and other assets, net	41,338	39,616

Total assets	$156,913	$158,678
	========	========
Liabilities and Partners' Capital		
Current liabilities:		
Bank credit facility borrowings	$ 2,350	$ -
Accounts payable	1,991	2,678
Accrued interest	285	307
Other accrued expenses	2,812	3,180
Customer credit balances	2,858	574
	--------	--------
Total current liabilities	10,296	6,739
	--------	--------
Long-term debt	85,000	85,000
Other long-term liabilities	219	240
Partners' Capital:		
Common unitholders	52,821	55,655
Subordinated unitholder	8,410	10,771
General partner	167	273
	--------	--------
Total Partners' Capital	61,398	66,699
	--------	--------
Total Liabilities and Partners' Capital	$156,913	$158,678
	========	========

See accompanying notes to consolidated financial statements.

STAR GAS PARTNERS, L.P. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit amounts)
(unaudited)

	Three Months Ended	
	March 31, 1996	March 31, 1997
Sales	$ 47,080	$ 46,442
Cost of sales	24,481	24,919
	--------	--------
Gross profit	22,599	21,523
Delivery and branch	9,682	9,504
Depreciation and amortization	2,473	2,630
General and administrative	1,455	2,294
Net gain (loss) on sales of assets	(23)	8
	--------	--------
Operating income	8,966	7,103
Interest expense net	1,722	1,771
	--------	--------
Income before income taxes	7,244	5,332
Income tax expense	14	7
	--------	--------
Net income	$ 7,230	$ 5,325
	========	========
General Partner's interest in net income	$ 145	$ 107
	--------	--------
Limited Partners' interest in net income	$ 7,085	$ 5,218
	========	========
Net income per Limited Partner unit	$ 1.34	$ 0.99
	========	========
Weighted average number of Limited Partner		

units outstanding	5,271	5,271
	========	========

See accompanying notes to consolidated financial statements

STAR GAS PARTNERS, L.P. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit amounts)
(unaudited)

	October 1, 1995 through December 20, 1995 (Predecessor)	December 20, 1995 through March 31, 1996	Six Months Ended	
			March 31, 1996 (combined)	March 31, 1997
Sales	$ 28,159	$ 53,555	$ 81,714	$ 97,318
Cost of sales	12,808	27,578	40,386	53,946
Gross profit	15,351	25,977	41,328	43,372
Delivery and branch	7,729	10,991	18,720	19,352
Depreciation and amortization	2,177	2,739	4,916	5,216
General and administrative	1,349	1,540	2,889	3,893
Net loss on sales of assets	(113)	(23)	(136)	(62)
Operating income	3,983	10,684	14,667	14,849
Interest expense, net	1,922	1,955	3,877	3,619
Income before income taxes	2,061	8,729	10,790	11,230
Income tax expense	60	14	74	13
Net income	$ 2,001	$ 8,715	$ 10,716	$ 11,217
General Partner's interest in net income		$ 175		$ 225
Limited Partners' interest in net income		$ 8,540		$ 10,992
Net income per Limited Partner unit		$ 1.62		$ 2.09
Weighted average number of Limited Partner units outstanding		5,271		5,271

See accompanying notes to consolidated financial statements.

STAR GAS PARTNERS, L.P. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	October 1, 1995 through December 20, 1995 (Predecessor)	December 20, 1995 through March 31, 1996	October 1, 1995 through March 31, 1996 (combined)	Six Months Ended March 31, 1997
Cash flows from operating activities:				
Net income	$ 2,001	$ 8,715	$ 10,716	$11,217
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	2,177	2,739	4,916	5,216
Provision for losses on accounts receivable	101	132	233	204

Loss on sales of assets	113	23	136	62
Changes in operating assets and liabilities:				
Increase in receivables	(2,779)	(3,636)	(6,415)	(4,961)
Decrease in inventories	1,430	1,763	3,193	4,942
Increase in other assets	(455)	(134)	(589)	(309)
Increase (decrease) in accounts payable	10	(246)	(236)	687
Decrease in other current liabilities	(1,713)	(488)	(2,201)	(1,894)
Increase (decrease) in other long-term liabilities	(12)	(24)	(36)	21
Net cash provided by operating activities	873	8,844	9,717	15,185
Cash flows from investing activities:				
Capital expenditures	(1,617)	(1,237)	(2,854)	(3,788)
Purchase of Company	-	(1,500)	(1,500)	-
Proceeds from sales of fixed assets	566	65	631	176
Net cash used in investing activities	(1,051)	(2,672)	(3,723)	(3,612)
Cash flows from financing activities:				
Credit facility borrowings	-	-	-	5,000
Credit facility repayments	-	-	-	(7,350)
Acquisition facility borrowings	-	-	-	3,350
Acquisition facility repayments	-	-	-	(3,350)
Repayments of debt	(35,783)	(53,780)	(89,563)	-
Cash dividends paid	(21,309)	-	(21,309)	-
Distributions	-	-	-	(5,916)
Loan to Petro	(12,000)	-	(12,000)	-
Proceeds from issuance of First Mortgage Notes	85,000	-	85,000	-
Proceeds from issuance of Common Units, net	-	55,931	55,931	-
Repayment of preferred stock to Petro	(8,625)	-	(8,625)	-
Increase in deferred charges	(1,313)	(526)	(1,839)	(94)
Cash retained by general partner	(6,000)	-	(6,000)	-
Net cash provided by (used in) financing activities	(30)	1,625	1,595	(8,360)
Net increase (decrease) in cash	(208)	7,797	7,589	3,213
Cash at beginning of period	727	519	727	1,106
Cash at end of period	$ 519	$ 8,316	$ 8,316	$ 4,319
Supplemental disclosure of cash flow information:				
Cash paid during the period for:				
Income taxes	$ 78	$ 2	$ 80	$ 7
Interest	$ 19	$ 1,652	$ 1,671	$ 3,417

See accompanying notes to consolidated financial statements.

STAR GAS PARTNERS, L.P. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL
SIX MONTHS ENDED MARCH 31, 1997
(in thousands, except per unit data)
(unaudited)

	Number of units					Total
	Common	Subordinated	Common	Subordinated	General Partner	Partners' Capital
Balance September 30, 1996	2,875	2,396	$52,821	$ 8,410	$167	$61,398
Minimum Quarterly Distribution ($1.10 per unit)			(3,162)	(2,636)	(118)	(5,916)
Net income	-	-	5,996	4,997	224	11,217
Balance March 31, 1997	2,875	2,396	$55,655	$10,771	$273	$66,699

See accompanying notes to consolidated financial statements.

STAR GAS PARTNERS, L.P. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1997

1) Partnership Organization and Formation

Star Gas Partners, L.P. ("Star Gas Partners" or the "Partnership") was formed on October 16, 1995, as a Delaware limited partnership. Star Gas Partners and its subsidiary, Star Gas Propane, L.P., a Delaware limited partnership, (the "Operating Partnership") were formed to acquire, own and operate substantially all of the propane operations and assets and liabilities of Star Gas Corporation ("Star Gas"), a Delaware corporation (and the general partner of Star Gas Partners and the Operating Partnership) and the propane operations and assets and liabilities of Star Gas' parent corporation, Petroleum Heat and Power Co., Inc., a Minnesota corporation ("Petro"), (collectively hereinafter referred to as the "Star Gas Group" or the "Predecessor Company"). The Operating Partnership is, and the Star Gas Group was, engaged in the marketing and distribution of propane gas and related appliances to retail and wholesale customers in the United States located principally in the Midwest and Northeast. On December 20, 1995, (i) Petro conveyed all of its propane assets and related liabilities to Star Gas and (ii) Star Gas and its subsidiaries conveyed substantially all of their assets (other than $83.7 million in cash from the proceeds of the First Mortgage Notes and certain non-operating assets) to the Operating Partnership (the "Star Gas Conveyance") in exchange for general and limited partner interests in the Operating Partnership and the assumption by the Operating Partnership of substantially all of the liabilities of Star Gas and its subsidiaries (excluding certain income tax liabilities and certain other long-term obligations of Star Gas that were assumed by Petro), including the First Mortgage Notes and approximately $53.8 million in outstanding Star Gas debt due to Petro. The net book value of the assets contributed by Star Gas and its subsidiaries to the Operating Partnership exceeded liabilities assumed by $11.2 million. Immediately after the Star Gas Conveyance, Star Gas and its subsidiaries conveyed their limited partner interests in the Operating Partnership to Star Gas Partners in exchange for an aggregate of 2.4 million Subordinated Units of limited partner interests in Star Gas Partners.

Of the $83.7 million in cash retained by the General Partner, $35.8 was paid to Petro in satisfaction of additional indebtedness, $8.6 million was used to redeem preferred stock of the General Partner held by Petro, $12.0 million was loaned to Petro, and $6.0 million was retained to be available to fund the General Partner's additional capital contribution obligation. The remaining $21.3 million was paid to Petro as dividends.

On December 20, 1995, Star Gas Partners completed its initial public offering of 2.6 million Common Units, representing Limited Partner interests, at a price of $22.00 a unit. The net proceeds received of $51.0 million, after deducting underwriting discounts, commissions and expenses were contributed to the Operating Partnership and used to repay debt due to Petro, which was assumed by the Operating Partnership in the Star Gas Conveyance.

In January 1996, pursuant to the underwriters' over-allotment, an additional 0.3 million Common Units were issued for approximately $5.6 million, net of underwriting discounts and expenses.

The General Partner holds a 1.0% general partner interest in Star Gas Partners and a 1.0101% general partner interest in the Operating Partnership. Star Gas Partners and the Operating Partnership have no employees, except for certain employees of its corporate subsidiary Stellar Propane Service Corporation. The General Partner conducts, directs and manages all activities of Star Gas Partners and the Operating Partnership and is reimbursed on a monthly basis for all direct and indirect expenses it incurs on their behalf including the cost of employee wages.

2) Basis of Presentation

The unaudited consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the interim periods presented. All adjustments to the financial statements were of a normal recurring nature.

The propane industry is seasonal in nature because propane is used primarily for heating in residential and commercial buildings. Therefore, the results of operations for the periods ended March 31, 1996 and March 31, 1997 are not necessarily indicative of the results to be expected for a full year.

Inventories

Inventories are stated at the lower of cost or market and are computed on a first-in, first-out basis. At the dates indicated the components of inventory were as follows:

	September 30, 1996	March 31, 1997
Propane gas	$6,625	$1,571
Appliances and equipment	1,869	1,981
	$8,494	$3,552

3) Net Income per Limited Partner Unit

Net income per Limited Partner Unit is computed by dividing net income, after deducting the General Partner's 2.0% interest, by the weighted average number of Common Units and Subordinated Units outstanding.

4) Commitments and Contingencies

In the ordinary course of business, the Partnership is threatened with, or is named in, various lawsuits. The Partnership is not a party to any litigation which individually or in the aggregate could reasonably be expected to have a material adverse effect on the company.

5) Related Party Transactions

The Partnership has no employees except for certain employees of its corporate subsidiary, Stellar Propane Service Corporation and is managed and controlled by the General Partner. Pursuant to the Partnership Agreement, the General Partner is entitled to reimbursement for all direct and indirect expenses incurred or payments it makes on behalf of the Partnership, and all other necessary or appropriate expenses allocable to the Partnership or otherwise reasonably incurred by the General Partner in connection with operating the Partnership's business. For the six months ended March 31, 1997, the Partnership reimbursed the General Partner and Petro $9.1 million representing salary, payroll tax and other compensation paid to the employees of the General Partner, including $0.1 million paid to Petro for certain corporate functions such as finance and compliance.

6) Retention of Morgan Stanley & Co. Incorporated

On March 3, 1997, the Partnership announced that it has concluded its review of strategic alternatives. Based on the results of this study, the Partnership's financial performance and industry prospects, the Partnership has decided to pursue the opportunities it sees to grow the business rather than seek a sale at this time.

7) Subsequent Events

On April 11, 1997, the Partnership announced that it will pay a cash distribution of $0.55 per Limited Partner Unit for the three months ended March 31, 1997. The distribution is payable on May 15, 1997 to unitholders of record as of May 1, 1997.

8) General Partner Financial Statements

The following presents the Condensed Consolidated Balance Sheet as of March 31, 1997 together with the Condensed Consolidated Statement of Operations of the General Partner, Star Gas Corporation and Subsidiary, for the six months ended March 31, 1997.

Star Gas Corporation
and Subsidiary
Condensed Consolidated Balance Sheet
(in thousands)
(unaudited)

	March 31, 1997
Assets	
Current assets:	
Cash	$ 3,055
Interest receivable	13
Total current assets	3,068
Note receivable from Petro	12,000
Investment in Partnership	11,044
Total assets	$26,112
Liabilities and Shareholder's Equity	
Current liabilities:	
Accrued expenses	$ 33
Shareholder's equity	26,079
Total liabilities and shareholder's equity	$26,112

Star Gas Corporation
and Subsidiary
Condensed Consolidated Statement of Operations
(in thousands)
(unaudited)

	Six Months Ended March 31, 1997
Revenues:	
Reimbursement of employee expenses from Operating Partnership	$ 8,996
Expenses:	
Cost of employee services provided to Operating Partnership	8,996
Operating income	-
Interest income	748
Income before equity interest in Partnership	748
Share of income of Partnership	5,221

Net income	$ 5,969

STAR GAS PARTNERS, L.P. AND SUBSIDIARY

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

SIX MONTHS ENDED MARCH 31, 1997
COMPARED TO SIX MONTHS ENDED MARCH 31, 1996

Overview

The following discussion reflects the results of operations and operating data of Star Gas Partners, L.P. for the six months ended March 31, 1997 and is compared to the combined results of the Star Gas Group, the Predecessor Company, from October 1, 1995 to December 20, 1995 and Star Gas Partners, L.P. from December 20, 1995 to March 31, 1996. The operating results of the Star Gas Group and Star Gas Partners, L.P. were combined for the six months ended March 31, 1996 to facilitate an analysis of the fundamental operating data.

In analyzing the historical financial results of the Star Gas Group and the financial results of the Partnership, the following matters should be considered:

Propane's primary use is for residential and commercial heating. As a result, weather conditions have a significant impact on financial performance. Accordingly, in analyzing changes in financial performance, the weather conditions in which the Partnership/Star Gas Group operated in any given period should be considered.

In addition, gross profit margins vary according to the customer mix. For example, sales to residential customers generate higher gross profit margins than sales to other customer groups, such as agricultural customers. Accordingly, a change in customer mix can affect gross profit without necessarily impacting total sales.

Lastly, the propane industry is seasonal in nature with peak activity occurring during the winter months, during the Partnership's first and second fiscal quarter. Due to the seasonality of the business, results of operations for the periods presented are not necessarily indicative of the results to be expected for a full year.

Volume

For the six months ended March 31, 1997, retail propane volume declined 1.7 million gallons, or 2.4%, to 67.3 million gallons, as compared to 69.0 million gallons for the six months ended March 31, 1996. The decline was primarily attributable to the effect on volume of 10% warmer temperatures and to a lesser extent, customer conservation efforts attributable to significantly higher propane selling prices. The Partnership was able to mitigate the effects of the warmer temperatures on retail propane volume through both internal account growth and two acquisitions completed since March 15, 1996. Also favorably impacting the year-to-year comparison was an increase in sales to agricultural customers, resulting from a return to more normal grain drying demand.

Sales

For the six months ended March 31, 1997, sales increased $15.6 million, or 19.1%, to $97.3 million, as compared to $81.7 million for the six months ended March 31, 1996. The increase was primarily due to higher selling prices in response to a significant increase in propane supply costs experienced during the six months ended March 31, 1997.

Cost of Sales

For the six months ended March 31, 1997, cost of sales increased $13.6 million, or 33.6%, to $53.9 million, as compared to $40.4 million for the six months ended March 31, 1996. The increase was primarily due to higher per gallon propane supply costs.

Gross Profit

For the six months ended March 31, 1997, gross profit increased $2.0 million, or 4.9%, to $43.4 million, as compared to $41.3 million for the six months ended March 31, 1996. The increase in gross profit resulted from higher per gallon margins across all market segments which was partially offset by the impact of slightly lower retail propane volume.

Delivery and Branch Expenses

For the six months ended March 31, 1997, delivery and branch expenses increased $0.6 million, or 3.3%, to $19.4 million, as compared to $18.7 million for the six months ended March 31, 1996. The increase was primarily due to the additional expenses associated with the first fiscal quarter's increase in agricultural volume and higher vehicle operating costs due to an increase in fuel costs.

Depreciation and Amortization

For the six months ended March 31, 1997, depreciation and amortization expense increased $0.3 million, or 6.1%, to $5.2 million, as compared to $4.9 million for the six months ended March 31, 1996, due to the impact of two acquisitions completed subsequent to March 15, 1996 and the amortization of certain deferred charges relating to the Partnership's First Mortgage Notes.

General and Administrative Expenses

For the six months ended March 31, 1997, general and administrative expenses increased $1.0 million, or 34.8%, to $3.9 million, as compared to $2.9 million for the six months ended March 31, 1996. This increase was primarily due to $0.9 million of one-time expenses associated with exploring strategic alternatives to maximize unitholder value. On March 3, 1997, the Partnership decided to terminate its efforts to seek a merger or possible sale of the Partnership at this time.

Net Interest Expense

For the six months ended March 31, 1997, interest expense declined $0.3 million, or 6.7%, to $3.6 million, as compared to $3.9 million for the six months ended March 31, 1996. This reduction was primarily due to a decline in the weighted average borrowing rate.

Income Tax Expense

Income tax expense primarily represents certain state income taxes related to the Partnership's wholly owned corporation which conducts non-qualifying master limited Partnership business.

Net Income

For the six months ended March 31, 1997, net income increased $0.5 million, or 4.7%, to $11.2 million. This increase was attributable to a $2.0 million increase in gross profit that was partially offset by the operating costs associated with the additional agricultural volume and $0.9 million of one-time costs associated with the strategic initiative.

EBITDA

For the six months ended March 31, 1997, EBITDA (defined as operating income plus depreciation and amortization less net gain (loss) on sales of assets) increased $0.4 million, or 2.1%, to $20.1 million, as compared to $19.7 million for the six months ended March 31, 1996. Excluding the one-time expenses associated with the strategic initiative, EBITDA increased $1.3 million, or 6.8%, to $21.1 million due to improved per gallon margins across all market segments and growth in the customer base provided by both internal marketing and acquisition efforts. EBITDA should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) but provides additional information for evaluating the Partnership's ability to make the Minimum Quarterly Distribution.

THREE MONTHS ENDED MARCH 31, 1997

COMPARED TO THREE MONTHS ENDED MARCH 31, 1996

Volume

For the three months ended March 31, 1997, retail propane volume declined 5.2 million gallons, or 13.7%, to 32.9 million gallons, as compared to 38.2 million for the three months ended March 31, 1996. The decline was primarily due to temperatures that were 11.2% warmer than the previous year's comparable period and to a lesser extent, customer conservation efforts attributable to significantly higher propane selling prices.

Sales

For the three months ended March 31, 1997, sales declined $0.6 million, or 1.4%, to $46.4 million, as compared to $47.1 million for the three months ended March 31, 1996. The modest decrease was due to the temperature related volume decline which was partially offset by higher selling prices, driven by increased wholesale product costs.

Cost of Sales

For the three months ended March 31, 1997, cost of sales increased $0.4 million, or 1.8%, to $24.9 million, as compared to the $24.5 million realized for the three months ended March 31, 1996. Cost of sales was virtually unchanged from the prior period as the impact of higher wholesale supply costs was offset by the lower level of retail and wholesale propane volumes.

Gross Profit

For the three months ended March 31, 1997, gross profit declined $1.1 million, or 4.8%, to $21.5 million, as compared to $22.6 million for the three months ended March 31, 1996. This decrease in gross profit was less than the 13.7% decline in retail propane volume as the impact of higher retail per gallon margins across all market segments partially offset the decrease in gross profit attributable to the lower level of volume.

Delivery and Branch Expenses

For the three months ended March 31, 1997, delivery and branch expenses were reduced by $0.2 million, or 1.8%, to $9.5 million, as compared to $9.7 million for the three months ended March 31, 1996. Despite the effects of inflation on operating expenses, the Partnership was able to reduce these costs in response to the volume change.

Depreciation and Amortization Expense

For the three months ended March 31, 1997, depreciation and amortization expense increased $0.2 million, or 6.3%, to $2.6 million, due to the impact of acquisitions made subsequent to March 15, 1996.

General and Administrative Expenses

For the three months ended March 31, 1997, general and administrative expenses increased $0.8 million, or 57.7%, to $2.3 million, as compared to $1.5 million for the three months ended March 31, 1996. The increase was primarily due to the expenses associated with exploring strategic alternatives to maximize unitholder value. On March 3, 1997, the Partnership decided to terminate its efforts to seek a merger or possible sale of the Partnership at this time.

Net Interest Expense

For the three months ended March 31, 1997, interest expense increased $0.1 million, or 2.9%, to $1.8 million, as compared to $1.7 million for the three months ended March 31, 1996. This change was primarily due to an increase in working capital borrowings.

Net Income

For the three months ended March 31, 1997, net income declined $1.9 million, or 26.4%, to $5.3 million, as compared to $7.2 million for the three months ended March 31, 1996. The decline in net income was attributable to the impact on volume of warmer temperatures and higher propane prices, and the one-time expenses associated with the terminated strategic initiative. Offsetting these factors were improved retail margins across all market segments and growth in the Partnership's customer base provided by acquisitions and internal marketing.

EBITDA

For the three months ended March 31, 1997, EBITDA (defined as operating income plus depreciation and amortization less net gain (loss) on sales of assets) declined $1.7 million, or 15.2%, to $9.7 million, as compared to $11.5 million for the three months ended March 31, 1996. Excluding approximately $0.9 million of one-time expenses relating to the strategic initiative, EBITDA declined only $0.8 million primarily due to the weather related volume decline. EBITDA should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations) but provides additional information for evaluating the Partnership's ability to make the Minimum Quarterly Distribution.

Liquidity and Capital Resources

For the six months ended March 31, 1997, net cash provided by operating activities was $15.2 million. Net income of $11.2 million and non-cash charges of $5.5 million provided $16.7 million in cash which was used to finance a net increase in operating assets of $1.5 million. Net cash used in investing activities was $3.6 million as the proceeds from sales of certain fixed assets were used to partially fund $3.8 million of growth and maintenance capital expenditures. Cash flow used in financing activities was $8.4 million as $2.4 million borrowed under the Partnership's credit facilities was repaid and Partnership distributions of $5.9 million were made. As a result of the above activities, cash at March 31, 1997 increased by $3.2 million to $4.3 million, as compared to $1.1 million on hand at the beginning of the period.

Based on its current cash position, bank credit availability and expected net cash flow from operating activities, the Partnership expects to be able to meet all of its above obligations for fiscal 1997, as well as all of its other current obligations as they become due. For the remainder of fiscal 1997, the Partnership anticipates paying interest on the First Mortgage Notes of $3.4 million and anticipates paying Limited and General Partner distributions of $5.9 million.

PART II: OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits Included Within:

(27) Financial Data Schedule

(b) Reports on Form 8-K

No reports on Form 8-K have been filed during the quarter for which this report is filed.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized:

Star Gas Partners, L.P.

By: Star Gas Corporation
(General Partner)

Signature	Title	Date
By: /s/ William G. Powers, Jr. William G. Powers, Jr.	President Star Gas Corporation (Principal Executive Officer)	May 14, 1997
By: /s/ Richard F. Ambury Richard F. Ambury	Vice President - Finance Star Gas Corporation (Principal Financial and Accounting Officer)	May 14, 1997

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<INTEREST-EXPENSE>                               3,649
<INCOME-PRETAX>                                 11,230
<INCOME-TAX>                                        13
<INCOME-CONTINUING>                             11,217
<DISCONTINUED>                                       0
<EXTRAORDINARY>                                      0
<CHANGES>                                            0
<NET-INCOME>                                    11,217
<EPS-PRIMARY>                                     2.09
<EPS-DILUTED>                                     2.09
<FN>
<F1>1. COMMON STOCK - IN DECEMBER 1995 STAR GAS PARTNERS, L.P. ISSUED COMMON AND
SUBORDINATED UNITS WHICH REPRESENT LIMITED PARTNER INTERESTS. THESE UNITS ARE
CONSIDERED TO POSSESS THE CHARACTERISTICS OF COMMON STOCK AND ARE BOTH INCLUDED
IN THE DETERMINATION OF EPS.
<F2>2. OTHER SE - REPRESENTS THE GENERAL PARTNER'S INTEREST IN THE PARTNERSHIP
AND IS CLASSIFIED HERE SINCE IT DOES NOT POSSESS THE RELEVANT CHARACTERISTICS
OF EITHER COMMON OR PREFERRED STOCK.
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