
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of report (Date of earliest event reported) June 7, 2007

STAR GAS PARTNERS, L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

011-14129
(Commission File Number)

06-1437793
(IRS Employer
Identification No.)

2187 Atlantic Street, Stamford, CT
(Address of principal executive offices)

06902
(Zip Code)

Registrant's telephone number, including area code (203) 328-7310

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement*First Amendment to Amended and Restated Unit Purchase Rights Agreement*

Star Gas Partners, L.P., a Delaware limited partnership (the "Partnership," "we," "us" or "our"), has entered into a First Amendment dated as of June 7, 2007 (the "Amendment") to its Amended and Restated Unit Purchase Rights Agreement, dated as of July 20, 2006 (the "Rights Agreement"), between the Partnership and American Stock Transfer & Trust Company, as rights agent. The Rights Agreement, which was originally entered into as of April 17, 2001, provides for the issuance to unitholders of rights to acquire additional Common Units upon the occurrence of certain events. Unless earlier terminated, the rights will expire on April 16, 2011.

The Amendment amends the definition of "Acquiring Person" to reduce the acquisition threshold from 15% of the outstanding Common Units to 5%. As further discussed below under the heading "Preservation of Net Operating Loss Carryforwards," the purpose of the Amendment is to protect the Partnership's Net Operating Loss Carryforwards (NOLs) for federal income tax purposes by discouraging any Person or group from acquiring more than 5% of the Partnership's issued and outstanding Common Units.

The Amendment also amends the definition of "Exempt Person" to exclude from the definition of Acquiring Person a Person that owned more than 5% of the outstanding Common Units but less than 15% of the outstanding Common Units on the date of the Amendment; provided that after the date of the Amendment, such Person, together with such Person's Affiliates and Associates, does not (A) become the Beneficial Owner of additional Common Units representing one percent (1%) or more of the then outstanding Common Units, in which case such Person shall be deemed to be an Acquiring Person for purposes of the Rights Agreement, or (B) decrease its percentage ownership below five percent (5%) of the then outstanding Common Units, in which case such Person shall no longer be eligible to be excepted from the definition of Acquiring Person. In addition, the Amendment provides that the General Partner or any Affiliate of the General Partner will cease to be an Exempt Person if they acquire Beneficial Ownership of additional Common Units representing, in the aggregate, one percent (1%) or more of the outstanding Common Units after the date of the Amendment.

In general, under the amended Rights Agreement, rights will separate from the Units and become exercisable on the tenth day (or such later date as may be determined by the General Partner) after a Person or group (a) acquires beneficial ownership of 5% or more of the Common Units or (b) announces a tender or exchange offer, the consummation of which would result in ownership by a Person or group of 5% or more of the Common Units. If a Person or group other than an Exempt Person obtains 5% or more of the Common Units (other than pursuant to a tender offer deemed adequate and in the best interests of the Partnership and its Unitholders by the General Partner (a "Permitted Offer")), then each right (other than rights owned by an Acquiring Person or its Affiliates) will entitle the holder thereof to purchase, for the exercise price, a number of Common Units having a then current market value of twice the exercise price.

The description of the Amendment contained in this Form 8-K is qualified in its entirety to the text of the actual document that is filed as an exhibit hereto. The description of the Rights

Agreement contained in this Form 8-K is qualified in its entirety by the text of the actual document that was filed as an exhibit to the Partnership's Current Report on Form 8-K, filed with the SEC on July 21, 2006.

Preservation of Net Operating Loss Carryforwards

As of the calendar tax year ended December 31, 2006, Star/Petro, Inc., a wholly-owned subsidiary of the Partnership, had a federal net operating loss carryforward ("NOL") of approximately \$162 million, of which approximately \$43 million is limited in accordance with Federal income tax law as a result of prior transactions. The NOLs, which will expire between 2018 and 2024, are generally available to offset any future taxable income. In the event that the Partnership experiences an "ownership change" for federal income tax purposes under Internal Revenue Code Section 382 ("Section 382"), Star/Petro may be restricted annually in its ability to use its NOLs to reduce its federal taxable income.

In general, the Partnership would be deemed to have an "ownership change" under Section 382 if, immediately after any owner shift involving a 5% unitholder or any equity structure shift, the percentage of units of the Partnership owned by one or more 5% unitholder has increased by more than 50% over the lowest percentage of units of the Partnership (or any predecessor entity) owned by such unitholder at any time during the three-year testing period.

Item 3.03 Material Modifications to Rights of Securityholders

The terms of the rights have been modified in connection with the adoption of the Amendment. A summary of the modifications is set forth above in Item 1.01, which is incorporated herein by this reference.

Item 9.01 (d) Exhibits

- 99.1 First Amendment to Amended and Restated Unit Purchase Rights Agreement.
- 99.2 Press Release dated June 8, 2007.

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STAR GAS PARTNERS, L.P.

By: Kestrel Heat, LLC (General Partner)

By: /s/ Richard Ambury

Name: Richard Ambury

Title: Chief Financial Officer

Date: June 8, 2007

Exhibit Index

- 99.1 First Amendment to Amended and Restated Unit Purchase Rights Agreement.
- 99.2 Press Release dated June 8, 2007.

**FIRST AMENDMENT TO AMENDED AND RESTATED
UNIT PURCHASE RIGHTS AGREEMENT**

This First Amendment to the Amended and Restated Unit Purchase Rights Agreement dated as of June 7, 2007 (the "Amendment"), is between Star Gas Partners, L.P., a Delaware limited partnership (the "Partnership"), and American Stock Transfer & Trust Company, as rights agent (the "Rights Agent").

WITNESSETH:

WHEREAS, the Partnership and the Rights Agent are parties to an Amended and Restated Unit Purchase Rights Agreement dated as of July 20, 2006 (the "Agreement");

WHEREAS, pursuant to Section 27 of the Agreement, the Partnership desires and directs the Rights Agent to amend the Agreement in the manner set forth below; and

WHEREAS, in accordance with Section 27 of the Agreement, the Partnership has delivered a certificate from an appropriate officer of the Partnership stating that this Amendment is in compliance with the terms of Section 27 of the Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereby agree as follows:

Section 1. *Defined Terms.* Except as amended hereby, terms defined in the Rights Agreement shall have the same meanings when used in this Amendment.

Section 2. *Amendments to Definitions.*

(a) The definition of "Acquiring Person" in Section 1 of the Agreement is amended in its entirety to read as follows:

(a) "Acquiring Person" shall mean any Person who or which, together with all Affiliates and Associates of such Person, shall be the Beneficial Owner of 5% or more of the Common Units then outstanding but shall not include an Exempt Person (as hereinafter defined). Notwithstanding the foregoing, no Person shall be deemed to be an Acquiring Person as the result of an acquisition of Common Units by the Partnership which, by reducing the number of Units outstanding, increases the proportionate number of Common Units beneficially owned by such Person, together with all Affiliates or Associates of such Person, to 5% or more of the Common Units then outstanding; provided, however, that if a Person, together with all Affiliates or Associates of such Person, shall become the Beneficial Owner of 5% or more of the Common Units then outstanding by reason of Unit purchases by the Partnership and shall, after such Unit purchases by the Partnership, become the Beneficial Owner of any additional Common Units, then such Person shall be deemed to be an Acquiring Person unless upon the consummation of the acquisition of such additional Common Units such Person, together with all Affiliates or Associates of such Person, does not own 5% or more of the Common Units then outstanding.

(b) The definition of “Exempt Person” in Section 1 of the Agreement is hereby amended in its entirety to read as follows:

“Exempt Person” shall mean:

(i) the Partnership, the General Partner, any Subsidiary of the Partnership, any Subsidiary or Affiliate of the General Partner, or any employee benefit plan or employee unit purchase plan of the Partnership or the General Partner or of any Subsidiary of the Partnership or of any Subsidiary or Affiliate of the General Partner, or any trust or other entity organized, appointed, established or holding Units for or pursuant to the terms of any such plan; provided, however, that in the case of the General Partner or its Affiliates, after the date of this Amendment, such Persons do not become the Beneficial Owners of additional Common Units representing, in the aggregate, one percent (1%) or more of the Common Units then outstanding,

(ii) any Person (other than the Persons listed in clause (i) above) who was, together with such Person’s Affiliates and Associates, the Beneficial Owner of five percent (5%) or more but less than fifteen percent (15%) of the then outstanding Common Units on the date of this Amendment, provided that after the date of this Amendment such Person, together with such Person’s Affiliates and Associates, does not (A) become the Beneficial Owner of additional Common Units representing one percent (1%) or more of the then outstanding Common Units, in which case such Person shall be deemed to be an Acquiring Person for purposes of this Agreement, or (B) decrease its percentage ownership below five percent (5%) of the then outstanding Common Units, in which case such Person shall no longer be eligible to be expected from the definition of Acquiring Person by operation of this Subsection), and

(iii) any Person who otherwise would be an Acquiring Person but whom the General Partner determines, in good faith, to have become such inadvertently (including, without limitation, because (A) such person was unaware that he or it was the Beneficial Owner of a percentage of Common Units that otherwise would cause such person to be an Acquiring Person, or (B) such Person was aware of the extent to which he or it is the Beneficial Owner of Common Units but had no actual knowledge of the consequences of being such a Beneficial Owner under this Agreement) and without any intention of changing or influencing control of the Partnership, and if such Person, after being advised of such determination and within a period of time set by the General Partner, divests himself or itself of a sufficient number of Common Units so that such Person would no longer be the Beneficial Owner of 5% or more of the Common Units then outstanding (or in the case of an Exempt Person under clause (b)(ii) above, such Person divests a significant number of Common Units so that such Person would not have become the Beneficial Owner of an additional 1% or more of the Common Units), then such Person shall not be deemed to be or to have become an

Acquiring Person for any purposes of this Agreement; and during any period of time (x) prior to the time the General Partner shall have become aware that such Person would have become an Acquiring Person but for the provisions of this clause (iii), (y) during which the General Partner is making the determination called for under this clause (ii), and (z) during which such Person is divesting himself or itself of a sufficient number of Common Units so that such Person no longer would be the Beneficial Owner of 5% or more of the Common Units then outstanding (or in the case of an Exempt Person under clause (b)(ii) above, such Person divests a sufficient number of Common Units so that such Person would not have become the Beneficial Owner of an additional 1% or more of the Common Units), such Person shall not be deemed to be or to have become an Acquiring Person for any purpose under this Agreement.

(c) The references to 15% under (i) paragraph (a) in the heading “Distribution Date” and (ii) under the heading “Flip-In” in each case of Exhibit B to the Agreement are hereby revised to 5%.

Section 3. If any term, provision, covenant or restriction of this Amendment is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Amendment shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 4. *Governing Law.* This Amendment shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts made and to be performed entirely within such State.

Section 5. *Counterparts.* This Amendment may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

Section 6. *Effect of Amendment.* Except as expressly modified herein, the Agreement shall remain in full force and effect.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

STAR GAS PARTNERS, L.P.

By: Kestrel Heat, LLC, its general partner

By: _____
Name: Richard F. Ambury
Title: Chief Financial Officer

AMERICAN STOCK TRANSFER & TRUST COMPANY, as
Rights Agent

By: _____
Name: _____
Title: _____

**News Announcement****CONTACT:**

Star Gas Partners
Investor Relations
203/328-7310

Robert Rinderman, Steven Hecht
Jaffoni & Collins Incorporated
212/835-8500 or SGU@jcir.com

FOR IMMEDIATE RELEASE**Star Gas Partners Amends Amended and Restated Unit Purchase Rights
Agreement to Preserve Net Operating Loss Carryforwards (NOLs)**

STAMFORD, CT (June 8, 2007) – Star Gas Partners, L.P., (the “Partnership”) (NYSE:SGU), a home energy distributor and services provider specializing in heating oil, today announced that it has amended its Amended and Restated Unit Purchase Rights Agreement dated as of July 20, 2006 in order to protect the Partnership’s Net Operating Loss Carryforwards (NOLs) for federal income tax purposes by deterring any person or group from acquiring more than 5% (reduced from 15% prior to the amendment) of the Partnership’s issued and outstanding common units. The amendment also discourages existing 5% or greater unitholders (including the General Partner) from acquiring additional common units equal to 1% or more of the outstanding common units. A person or group that acquires units in excess of these amounts would be subject to substantial dilution under the Rights Agreement. The Partnership plans to file an 8-K with the SEC, which will provide additional details concerning the amendment.

As of the calendar tax year ended December 31, 2006, Star/Petro, Inc., a wholly owned subsidiary of the Partnership, had aggregate federal NOLs of approximately \$162 million, of which approximately \$43 million is limited in accordance with Federal income tax law as a result of prior transactions. The NOLs, which will expire between 2018 and 2024, are generally available to offset any future taxable income. In the event that the Partnership experiences an “ownership change” for federal income tax purposes under Internal Revenue Code Section 382 (“Section 382”), Star/Petro may be restricted annually in its ability to use its NOLs to reduce its federal taxable income.

In general, the Partnership would be deemed to have an “ownership change” under Section 382 if, immediately after any owner shift involving a 5% unitholder, or any equity structure shift, the percentage of units of the Partnership owned by one or more 5% unitholder has increased by more than 50%, over the lowest percentage of units of the Partnership (or any predecessor entity) owned by such unitholder at any time during the three-year testing period. The recapitalization of the Partnership on April 28, 2006 materially contributed towards an ownership change. This, combined with the recently reported acquisition of a 5.6% interest in the Partnership by an investment fund, has caused the Partnership to take this action in order to seek to preserve its NOLs in the interest of all unit holders. Once the effect of the Partnership’s recapitalization is no longer included in the three-year testing period, the Partnership will consider whether this more restrictive deterrence remains necessary.

Star Gas Partners, L.P., is the nation's largest retail distributor of home heating oil. Additional information is available by obtaining the Partnership's SEC filings and by visiting Star's website at www.star-gas.com.

Forward Looking Information

This news release includes "forward-looking statements" which represent the Partnership's expectations or beliefs concerning future events that involve risks and uncertainties, including those associated with the effect of weather conditions on our financial performance; anticipated proceeds from weather insurance; the price and supply of home heating oil; the consumption patterns of our customers; our ability to obtain satisfactory gross profit margins; our ability to obtain new customers and retain existing customers; our ability to effect strategic acquisitions or redeploy underperforming assets; the impact of litigation; the ongoing impact of the business process redesign project at the heating oil segment and our ability to address issues related to that project; natural gas conversions; future union relations and the outcome of current and future union negotiations; the impact of current and future environmental, health and safety regulations; customer creditworthiness; and marketing plans. All statements other than statements of historical facts included in this news release are forward-looking statements. Although the Partnership believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from the Partnership's expectations ("Cautionary Statements") are disclosed in this news release and in the Partnership's Annual Report on Form 10-K for the year ended September 30, 2006 and its Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2007, including without limitation and in conjunction with the forward-looking statements included in this news release. All subsequent written and oral forward-looking statements attributable to the Partnership or persons acting on its behalf are expressly qualified in their entirety by the Cautionary Statements. Unless otherwise required by law, the Partnership undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this news release.

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