

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K / A

CURRENT REPORT

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

Date of Report (Date of earliest event reported) November 24, 1997

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

Delaware

(State or other jurisdiction of incorporation)

33-98490

(Commission File Number)

06-1437793

(I.R.S. Employer Identification No.)

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

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

ITEM 1. CHANGE IN CONTROL OF REGISTRANT

None.

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

Star Gas Partners, L.P. ("the Partnership") is a Master Limited Partnership and through its subsidiary, Star Gas Propane ("the OLP"), markets and distributes propane in the Midwest and Northeast sections of the United States. Star Gas Corporation, a Delaware Corporation, ("Star Gas") is the general partner of both the Partnership and the OLP.

On October 22, 1997, pursuant to a purchase agreement ("Stock Purchase Agreement") dated as of October 20, 1997, Star Gas purchased 240 shares of Common Stock (\$100 par value) of Pearl Gas Co. ("Pearl"), an Ohio Corporation, representing all of the issued and outstanding capital stock of Pearl. Pearl markets and distributes propane in Ohio and Michigan through a storage and distribution system consisting of five offices, fifteen bulk storage plants, fifty employees and over forty-five vehicles. For the twelve months ended September 30, 1997, Pearl sold 14.3 million gallons of propane, primarily to higher margin residential customers. Pearl currently serves over 12 thousand active customers.

The purchase price for said stock was \$22.6 million and was paid in cash. The purchase price included estimated working capital of \$1.9 million. This amount will be adjusted upward or downward based on actual working capital as of October 21, 1997. The amount of consideration for the Pearl Common Stock was determined by arms length bargaining between Star Gas and the Sellers.

Funding for the stock purchase and related transaction expenses of \$0.4 million was provided by a \$23.0 million bank acquisition facility. Subsequent to the acquisition of the common stock of Pearl, Pearl was merged into Star Gas in a tax-free liquidation.

On October 22, 1997, a Conveyance and Contribution Agreement was entered into by, and among, the Partnership, the OLP and Star Gas. Star Gas contributed to the OLP all of the Pearl assets it obtained in the stock purchase of Pearl Gas and the subsequent merger of Pearl into Star Gas. In exchange, Star Gas received a 2.7 percent limited partnership interest in the OLP and a 0.00028 percent general partnership interest in the OLP. In addition, the OLP assumed all of the liabilities associated with the Pearl stock purchase prior and subsequent to the merger, including the \$23.0 million of bank debt. The aggregate value of the interests transferred to Star Gas from the OLP is \$3.5 million.

The issuance of the additional partnership interests to Star Gas is intended to compensate Star Gas for additional significant income tax liabilities which would be reflected in the consolidated federal income tax return of Star Gas' parent corporation, Petroleum Heat and Power Co., Inc. ("Petro"). The issuance of such partnership interests was approved by the Audit Committee of Star Gas and the Executive Committee of Petro.

Star Gas then exchanged the above described interest in the OLP for a 0.00027 percent general partnership interest in the Partnership and 147,727 common units in the Partnership, at a per unit price based upon the average closing price of the Partnership's common units ten days prior to the execution of the Stock Purchase Agreement. The OLP then repaid the \$23.0 million acquisition facility with \$2.0 million of available cash and \$21.0 million borrowed under the OLP's own acquisition facility.

The OLP intends to utilize the conveyed assets in the conduct of its propane business.

ITEM 3. BANKRUPTCY OR RECEIVERSHIP

None.

ITEM 4. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

None.

ITEM 5. OTHER EVENTS

None.

ITEM 6. REGISTRATION OF REGISTRANT'S DIRECTORS

None.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

Item 7 is amended from the prior filing of October 23, 1997 to include the financial statements of the Pearl Gas Co.

ITEM 8. CHANGES IN FISCAL YEAR

None.

PEARL GAS CO.

Financial Statements

December 31, 1995 and 1996

(With Independent Auditors' Report Thereon)

PEARL GAS CO.

INDEX TO FINANCIAL STATEMENTS

	PAGE

Independent Auditor's Report	2
Balance Sheets as of December 31, 1995 and 1996	3
Statements of Income for the Years ended December 31, 1995 and 1996	4
Statements of Shareholders' Equity for the Years ended December 31, 1995 and 1996	5
Statements of Cash Flows for the Years ended December 31, 1995 and 1996	6
Notes to Financial Statements	7-11
Balance Sheets as of December 31, 1996 and September 30, 1997 (unaudited)	12
Statements of Income for the Nine Months ended September 30, 1996 (unaudited) and September 30, 1997 (unaudited)	13
Statements of Cash Flows for the Nine Months ended September 30, 1996 (unaudited) and September 30, 1997 (unaudited)	14
Notes to unaudited Financial Statements	15
Pro Forma Condensed Consolidated Balance Sheet as of September 30, 1997 (unaudited)	17
Pro Forma Condensed Consolidated Statement of Income for the Year ended September 30, 1997 (unaudited)	18

1

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Pearl Gas Co.:

We have audited the accompanying balance sheets of Pearl Gas Co. as of December 31, 1995 and 1996, and the related statements of income, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pearl Gas Co. as of December 31, 1995 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Detroit, Michigan
October 22, 1997

2

PEARL GAS CO.
BALANCE SHEETS
DECEMBER 31, 1995 AND 1996

	1995	1996
	-----	-----
ASSETS		

Current assets:		
Cash and cash equivalents	\$ 1,040,748	\$2,183,738
Accounts receivable (less allowance for doubtful accounts of \$64,706 for 1995 and 1996, respectively)	1,137,328	1,977,564
Other non-trade receivables	44,856	25,048
Inventories (Note 3)	301,597	400,647
Prepaid expenses	431,536	480,264
	-----	-----
Total current assets	2,956,065	5,067,261
	-----	-----
Property and equipment, net (Note 4)	2,996,345	2,707,537
	-----	-----
Investments - stock	2,951	2,951
	-----	-----
	\$ 5,955,361	\$7,777,749
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		

Current Liabilities:		
Deferred revenue	\$ 278,182	\$ 272,171
Contract payable (Note 5)	375,501	437,000
Current portion of long-term debt (Note 6)	200,000	-
Accounts payable	594,435	821,766
Customer deposits	8,110	7,510
Accrued liabilities:		
Employee benefits	108,499	108,367
Interest	23,351	3,369
Payroll taxes	46,055	38,133
Federal income tax	-	16,080
State and local taxes	117,826	144,668
	-----	-----
	295,731	310,617
	-----	-----
Total current liabilities	1,751,959	1,849,064
	-----	-----
Long-term debt excluding current portion (Note 6)	1,000,002	-
	-----	-----
Deferred Federal Income Tax (Note 7)	461,000	444,920
	-----	-----
Shareholders' Equity		
Common stock, \$100 par value, 750 shares authorized, 240 shares outstanding	24,000	24,000
Retained earnings	4,708,065	6,132,042
Notes receivable - shareholders		
	-----	-----
(Note 2)	(1,989,665)	(672,277)
	-----	-----
Total shareholders' equity	2,742,400	5,483,765
	-----	-----
Commitments (Note 9)		

\$ 5,955,361	\$7,777,749
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See accompanying notes to financial statements.

3

PEARL GAS CO.
STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 1995 AND 1996

	1995	1996
Sales	\$11,611,082	\$14,910,109
Cost of goods sold	5,683,973	8,353,916
GROSS PROFIT	5,927,109	6,556,193
Depreciation and amortization	437,743	422,912
Operating expenses	3,298,270	3,393,819
Gain on disposal of equipment	13,822	45,880
OPERATING INCOME	2,204,918	2,785,342
Other income (expense):		
Interest income	260,423	169,703
Other	19,843	4,346
Interest expense	(183,436)	(35,414)
	96,830	138,635
NET INCOME	\$ 2,301,748	\$ 2,923,977

See accompanying notes to financial statements.

4

PEARL GAS CO.
STATEMENTS OF SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 1995 AND 1996

	COMMON STOCK		RETAINED	NOTES	TOTAL
	SHARES	AMOUNT	EARNINGS	RECEIVABLE	SHAREHOLDERS'
				SHAREHOLDERS	EQUITY
Balance, December 31, 1994	330	\$33,000	\$ 4,115,499	\$ (2,802,101)	\$ 1,346,398
Dividends paid	--	--	(600,000)	--	(600,000)
Loans made	--	--	--	(220,301)	(220,301)
Collections on loans	--	--	--	1,032,737	1,032,737
Stock redemption	(90)	(9,000)	(1,109,182)	--	(1,118,182)
Net income	--	--	2,301,748	--	2,301,748
Balance, December 31, 1995	240	24,000	4,708,065	(1,989,665)	2,742,400
Dividends paid	--	--	(1,500,000)	--	(1,500,000)
Loans made	--	--	--	(94,602)	(94,602)

Collections on loans	--	--	--	1,411,990	1,411,990
Net income	--	--	2,923,977	--	2,923,977
	---	-----	-----	-----	-----
Balance, December 31, 1996	240	\$24,000	\$ 6,132,042	\$ (672,277)	\$ 5,483,765
	===	=====	=====	=====	=====

See accompanying notes to financial statements.

5

PEARL GAS CO.
STATEMENTS OF CASH FLOWS
DECEMBER 31, 1995 AND 1996

	1995	1996
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 2,301,748	\$ 2,923,977
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	437,743	422,912
Deferred income tax	--	(16,080)
Gain on disposal of property and equipment	(13,822)	(45,880)
Changes in operating assets and liabilities:		
Accounts receivable	(660,675)	(840,236)
Other non-trade receivables	(23,278)	19,808
Inventory	(43,320)	(99,050)
Prepaid expenses	(11,318)	12,771
Prepaid taxes	2,310	--
Accounts payable	160,485	227,331
Customer deposits	150	(600)
Accrued liabilities	(56,631)	14,886
Deferred Revenue	7,517	(6,011)
	-----	-----
Net cash provided by operating activities	2,100,909	2,613,828
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(277,541)	(134,859)
Proceeds from sale of property and equipment	13,822	46,635
Loans made to shareholders	(220,301)	(94,602)
Collections on notes receivable - shareholders	1,032,737	1,411,990
	-----	-----
Net cash provided by investing activities	548,717	1,229,164
CASH FLOWS FROM FINANCING ACTIVITIES:		
Stock redemption	(1,118,182)	--
Principal payments of long-term debt	(799,998)	(1,200,002)
Dividends paid	(600,000)	(1,500,000)
	-----	-----
Net cash used in financing activities	(2,518,180)	(2,700,002)
Net increase in cash and cash equivalents	131,446	1,142,990
Cash and cash equivalents at beginning of year	909,302	1,040,748
	-----	-----
Cash and cash equivalents at end of year	\$ 1,040,748	\$ 2,183,738
	=====	=====
Supplemental disclosures of cash flow information:		
Interest paid	\$ 177,591	\$ 55,396

Non-cash disclosure:

On September 1, 1996, the remaining balance of notes receivable shareholders of \$821,926 were converted into new notes.

See accompanying notes to financial statements.

6

PEARL GAS CO.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1996

(1) DESCRIPTION OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Description of Business

The primary business of Pearl Gas Co. (the Company), is the sale and distribution of propane gas. The Company's primary customers are businesses and individuals in the Northwest Ohio, Southeast Michigan and Northeast Indiana areas.

Accounts Receivable

The Company enters into "budget payment plans" with several, principally residential customers, which allow for pre-established set monthly payments regardless of actual usage. This may result with a customer in a pre-payment situation in low usage months. It is the Company's practice to net the pre-payments with accounts receivable for financial statement presentation.

Inventories

Inventories are stated at the lower of cost determined by first-in, first-out method or market value (net realizable value).

Property and Equipment

Property and equipment are carried at cost. Expenditures for additions and improvements that add materially to productive capacity or extend the life of an asset are capitalized, and expenditures for maintenance and repairs are charged to operations. When machinery and equipment items are retired or otherwise disposed of, the related accounts for cost and depreciation are relieved.

The Company provides depreciation on property and equipment for reporting purposes by the straight-line method over their estimated useful lives, which range from 10 to 25 years for buildings, building components and land improvements, 5 to 10 years for automotive vehicles, and 10 to 20 years for office and operating equipment and tanks.

Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid short-term investments with original maturities of three months or less to be cash equivalents.

Environmental

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation, are expensed.

PEARL GAS CO.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1996Contract Payable

In order to guarantee the supply of propane, the Company enters into take or pay supply contracts with certain propane suppliers. At the time the Contract is entered into, a prepaid asset and corresponding contract payable is recorded on the balance sheet. The asset and liability are reduced as the Company takes delivery of the propane.

Deferred Revenue

The Company bills customers annually for propane tank rental. The rental revenue is deferred and recognized ratably over the twelve month period of the rental agreement.

Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and disclosures of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(2) NOTES RECEIVABLES - SHAREHOLDERS

Notes receivable from shareholders, which is reflected as a reduction to shareholders' equity on the accompanying balance sheet, consists of the following:

	1995	1996
	-----	-----
Notes receivable due from shareholder, due January 10, 1996, interest payable monthly at prime plus one percent	\$1,989,665	\$ --
Notes receivable due from shareholder, due August 31, 1999, interest payable quarterly at prime rate (8 1/4% at December 31, 1996)	--	672,277
	-----	-----
Total	\$1,989,665	\$672,277
	=====	=====

(3) INVENTORIES

Inventories consist of the following:

	1995	1996
	-----	-----

Propane gas	\$229,293	\$324,942
Appliances and equipment	72,304	75,705
	-----	-----
	\$301,597	\$400,647
	=====	=====

(continued)

8

PEARL GAS CO.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1996 AND 1995

(4) PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	1995	1996
	-----	-----
Land	\$ 624,064	\$ 624,064
Land improvements	33,375	33,375
Buildings	727,900	727,900
Office furniture and equipment	68,408	70,665
Equipment	3,126,162	3,133,302
Delivery equipment	1,483,287	1,607,577
Bulk propane plant	272,525	272,525
	-----	-----
	6,335,721	6,469,408
Less accumulated depreciation	3,339,376	3,761,871
	-----	-----
Net property and equipment	\$2,996,345	\$2,707,537
	=====	=====

(5) CONTRACT PAYABLE

At December 31, 1995 and 1996, the Company had two outstanding purchase commitments with a supplier under take or pay contracts, for terms of three months. The outstanding contracts at December 31, 1995 and 1996 were \$375,501 and \$437,000, respectively, with interest payable monthly at prime plus 1%. Interest paid for the period ended December 31, 1995 and 1996, respectively, was \$12,319 and \$12,497. The December 31, 1995 and 1996 interest rate was 9.50% and 9.25%, respectively.

(6) LONG-TERM DEBT

The Company has a \$500,000 line of credit agreement with its bank under a year-to-year agreement. There were no borrowings under the line of credit agreement at December 31, 1995 and 1996.

The Company's long-term debt at December 31, 1995 consisted of:

1995

Term notes payable to bank, interest at prime plus 1% (9.25% at December 31,

1995). From January to June of each year, monthly payments of \$33,333 are required. From July to December of each year, only interest is due on the unpaid balance. The final maturity date on this note is June 1, 1999.

	\$1,200,002
Less current portion	200,000

Long-term debt	\$ 1,000,002
	=====

(continued)

9

PEARL GAS CO.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1996

(7) FEDERAL INCOME TAXES

An election has been filed by the Company to be treated as an S Corporation effective July 1, 1994. As a result of this election, Pearl Gas Co. changed its fiscal year end of June 30 to a calendar year end. In lieu of corporation income taxes, the shareholder of an S Corporation is taxed on a proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements for the years ended December 31, 1995 and 1996. Income that has been taxed to the shareholders but not distributed (Accumulated Adjustments Account) was \$1,790,652 and \$3,262,548 as of December 31, 1995 and 1996, respectively.

The Company records depreciation on property and equipment for tax purposes using the accelerated cost recovery system and the modified accelerated cost recovery system. Deferred income taxes have been recorded for the excess of tax depreciation over book depreciation for the period prior to S-election.

(8) RELATED PARTY TRANSACTIONS

The Company entered into a lease with an officer of the Company for the use of a fleet garage. The lease is renewable on a year-to-year basis and currently provides for a payment of \$14,400 per year.

(9) LEASES

The Company has several non-cancelable operating leases primarily for land for bulk plants that expires May 21, 2002. Rental expense for these operating leases (excluding the fleet garage lease noted in footnote 8) was \$6,100 for 1995 and 1996, respectively. Future minimum lease payments under non-cancelable leases as of December 31, 1996 are: 1997, \$6,100; 1998, \$3,600; 1999, \$3,600; 2000, \$3,600; 2001, \$3,600.

(10) PROFIT SHARING PLAN

The Board of Directors annually determines the contribution to the Company's profit-sharing plan. All employees who work in excess of 1,000 hours per year are eligible to participate and receive allocations based on total payroll excluding bonuses. The amounts contributed in the years ended December 31, 1995 and 1996 were \$125,000 and \$140,000, respectively.

(continued)

PEARL GAS CO.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995 AND 1996

(11) SUBSEQUENT EVENTS

On October 22, 1997, pursuant to a purchase agreement dated as of October 20, 1997, all of the issued and outstanding capital stock of the Company was sold by the holders of such stock to Star Gas Corporation ("Star Gas").

The purchase price for said stock was \$22,552,000 and was paid in cash. Subsequent to the acquisition of the common stock of Pearl, Pearl was merged into Star Gas in a tax-free liquidation.

11

PEARL GAS CO.
BALANCE SHEETS
DECEMBER 31, 1996 AND SEPTEMBER 30, 1997

	DECEMBER 31, 1996	SEPTEMBER 30, 1997 (UNAUDITED)
	-----	-----
ASSETS		

Current assets:		
Cash and cash equivalents	\$2,183,738	\$ 880,840
Accounts receivable (less allowance for doubtful accounts at December 31, 1996 and September 30, 1997 of \$64,706)	1,977,564	514,230
Other non-trade receivables	25,048	762
Inventories	400,647	302,217
Prepaid expenses	480,264	662,878
	-----	-----
Total current assets	5,067,261	2,360,927
	-----	-----
Property and equipment, net	2,707,537	2,385,789
Investments - stock	2,951	--
	-----	-----
	\$7,777,749	\$4,746,716
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		

Current Liabilities:		
Deferred revenue	\$ 272,171	\$ 196,848
Contract payable	437,000	633,377
Accounts payable	821,766	187,580
Customer deposits	7,510	7,435
Accrued liabilities:		
Employee benefits	108,367	39,700
Interest	3,369	--
Payroll taxes	38,133	--
Federal income tax	16,080	--
State and local taxes	144,668	43,406
	-----	-----
	310,617	83,106
	-----	-----
Total current liabilities	1,849,064	1,108,346
	-----	-----
Deferred Federal Income Tax	444,920	444,920
Shareholders' Equity		
Common stock, \$100 par value, 750 shares authorized, 240 shares outstanding	24,000	24,000
Retained earnings	6,132,042	3,776,310

Notes receivable - shareholders	(672,277)	(606,860)
	-----	-----
Total shareholders' equity	5,483,765	3,193,450
	-----	-----
	\$7,777,749	\$4,746,716
	=====	=====

See accompanying notes to financial statements.

12

PEARL GAS CO.
STATEMENTS OF INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1997
(UNAUDITED)

	1996	1997
	-----	-----
Sales	\$9,486,871	\$9,101,130
Cost of goods sold	4,981,107	4,786,676
	-----	-----
GROSS PROFIT	4,505,764	4,314,454
Depreciation and amortization	270,000	270,000
Operating expenses	2,364,312	2,406,273
Gain on disposal of equipment	45,930	30,478
	-----	-----
OPERATING INCOME	1,917,382	1,668,659
Other income (expense):		
Interest income	189,291	140,953
Other	2,735	2,837
Interest expense	(45,281)	(5,632)
	-----	-----
	146,745	138,158
	-----	-----
NET INCOME	\$2,064,127	\$1,806,817
	=====	=====

See accompanying notes to financial statements.

13

PEARL GAS CO.
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1996 AND 1997
(UNAUDITED)

	1996	1997
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 2,064,127	\$ 1,806,817
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	270,000	270,000
Gain on disposal of property and equipment	(45,930)	(30,478)
Changes in operating assets and liabilities:		
Accounts receivable	495,046	1,463,334

Investments - stock	--	2,951
Other non-trade receivables	16,947	24,286
Inventory	(27,517)	98,430
Prepaid expenses	11,144	13,763
Accounts payable	(320,439)	(634,186)
Customer deposits	(750)	(75)
Accrued liabilities	(187,871)	(227,511)
Deferred revenue	(81,887)	(75,323)
	-----	-----
Net cash provided by operating activities	2,192,870	2,712,008
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(98,146)	(17,521)
Proceeds from sale of property and equipment	45,929	99,747
Loans made to shareholders	(84,181)	(123,483)
Collections on loans to shareholders	1,246,346	188,900
	-----	-----
Net cash provided by investing activities	1,109,948	147,643
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments of long-term debt	(1,200,002)	--
Dividends paid	(1,500,000)	(4,162,549)
	-----	-----
Net cash used in financing activities	(2,700,002)	(4,162,549)
Net increase (decrease) in cash and cash equivalents	602,816	(1,302,898)
Cash and cash equivalents at beginning of period	1,040,748	2,183,738
	-----	-----
Cash and cash equivalents at end of period	\$ 1,643,564	\$ 880,840
	=====	=====
Supplemental disclosures of cash flow information:		
Interest paid	\$ 68,632	--
Taxes paid	--	\$ 16,080

Non-cash disclosure:

On September 1, 1996, the remaining balance of notes receivable shareholders of \$821,926 were converted into new notes.

See accompanying notes to financial statements.

PEARL GAS CO.

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

(1) BASIS OF PRESENTATION

The accompanying financial statements have been prepared by management, and in the opinion of management, contain all adjustments, consisting of normal recurring adjustments, necessary to present fairly the financial position of the Company as of December 31, 1996 and September 30, 1997, and the results of its operations and cash flows for the nine months ended September 30, 1996 and 1997. The financial statements should be read in conjunction with the financial statements and notes thereto included elsewhere herein. Results for interim periods are not necessarily indicative of those to be expected for the entire year.

(2) INVENTORIES

The major classes of inventory are as follows:

	DECEMBER 31, 1996 -----	SEPTEMBER 30, 1997 -----
Propane gas	\$324,942	\$226,512
Appliances and equipment	75,705 -----	75,705 -----
	\$400,647 =====	\$302,217 =====

(3) SUBSEQUENT EVENTS

On October 22, 1997, pursuant to a purchase agreement dated as of October 20, 1997, all of the issued and outstanding capital stock of the Company was sold by the holders of such stock to Star Gas Corporation ("Star Gas").

The purchase price for said stock was \$22,552,000 and was paid in cash. Subsequent to the acquisition of the common stock of Pearl, Pearl was merged into Star Gas in a tax-free liquidation.

15

STAR GAS PARTNERS, L.P.

PRO FORMA FINANCIAL STATEMENTS

The following Pro Forma Condensed Statement of Operations for the year ended September 30, 1997 is derived from the Partnership's audited consolidated financial statements for the year ended September 30, 1997. The Pro Forma Condensed Balance Sheet as of September 30, 1997 is derived from the audited financial statements of the Company which include all adjustments (consisting of only normal recurring accruals) that, in the opinion of management, are necessary for a fair presentation of such data. The Pro Forma Financial Statements do not purport to represent what the Company's financial position or results of operations would have been if the events described therein had occurred on the dates specified, nor are they intended to project the Company's financial position or results of operations for any future period. The Pro Forma Financial Statements should be read in conjunction with the Consolidated Financial Statements of Star Gas Partners, L.P. as filed on Report 10-K for the year ended September 30, 1997, and the Notes thereto.

The unaudited pro forma financial information gives effect to the Pearl Gas Conveyance which was effected as part of the Pearl Gas acquisition. The acquisition is being accounted for as a purchase.

The unaudited pro financial information has been prepared on the following basis:

- . The unaudited pro forma combined statement of income assumes that the acquisition was completed as of the beginning of the period presented.
- . The unaudited pro forma combined balance sheet assumes that the acquisition was completed as of the balance sheet date.

STAR GAS PARTNERS, L.P. AND SUBSIDIARY
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
SEPTEMBER 30, 1997
(IN THOUSANDS)

STAR GAS PARTNERS, L.P. -----	PEARL GAS CO. CONVEYANCE/ (A) / -----	PRO FORMA ADJUSTMENTS -----	PRO FORMA COMBINED -----
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ASSETS

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Current assets:				
Cash	\$ 889	\$ 1,853	\$ 21,000 / (b) / (23,000) / (c) /	\$ 742
Notes and accounts receivables	5,720	515		6,235
Inventories	6,597	302		6,899
Prepaid expenses and other current assets	959	663		1,622
Total current assets	14,165	3,333	(2,000)	15,498
Property and equipment, net	95,282	13,585		108,867
Intangibles and other assets, net	38,022	10,990		49,012
Total assets	\$147,469	\$27,908	\$ (2,000)	\$173,377
LIABILITIES AND PARTNERS' CAPITAL				

Current liabilities:				
Deferred revenue	\$ --	\$ 197		\$ 197
Contract payable	--	633		633
Accounts payable	3,178	188		3,366
Accrued expenses and other liabilities	3,325	423		3,748
Customer credit balances	4,343	--		4,343
Total current liabilities	10,846	1,441		12,287
Long-term debt	85,000	23,000	21,000 / (b) (d) / (23,000) / (c) /	106,000
Other long-term liabilities	45	--		45
Partners' Capital:				
Common unitholders	47,573	3,397		50,970
Subordinated unitholder	4,034	--		4,034
General partner	(29)	70		41
Total Partners' Capital	51,578	3,467		55,045
Total Liabilities and Partners' Capital	\$147,469	\$27,908	\$ (2,000)	\$173,377

- /(a)/ Reflects the Conveyance of assets and liabilities to the Partnership by Star Gas Corporation, including \$23.0 million in long-term debt, in exchange for 148 Common Units valued at \$3.4 million and an aggregate general partner interest of .00055 percent valued at \$70 thousand. Upon purchase of Pearl Gas by Star Gas, the assets were written up to the fair market value through an adjustment to property, plant and equipment of \$11.2 million and an adjustment to intangible assets of \$11.0 million. In addition, cash and accrued expenses have been increased by \$1.0 million and \$0.3 million to reflect the estimated working capital as of October 21, 1997.
- /(b)/ Reflects the net proceeds to the Partnership of \$21.0 million borrowed under its bank Acquisition Facility.
- /(c)/ Reflects the use of \$23.0 million in cash to retire \$23.0 million of debt assumed in the Star Gas Conveyance.
- /(d)/ The partnership intends to file a registration statement to issue and sell 0.7 million of Common Units to the public. A portion of the proceeds, estimated at \$13.8 million, will be used to repay \$10.0 million of the Bank Acquisition Facility and the balance will be used for general partnership purposes.

17

STAR GAS PARTNERS, L.P. AND SUBSIDIARY
 PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)
 YEAR ENDED SEPTEMBER 30, 1997
 (IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

	STAR GAS ----- PARTNERS, L.P.	PEARL GAS CO. -----	PRO FORMA ----- ADJUSTMENTS	PRO FORMA ----- COMBINED
Sales	\$135,159	\$14,607		\$149,766
Cost of sales	72,211	8,159		80,370

Gross profit	62,948	6,448		69,396
Operating expenses	43,245	3,436	\$ (273) / (a) /	46,408
Depreciation and amortization	10,405	423	667 / (b) /	11,495
Net gain (loss) on sales of assets	(295)	30		(265)
Operating income	9,003	2,619	(394)	11,228
Interest income (expense), net	(6,966)	48	(1,527) / (c) / (48) / (c) /	(8,493)
Income (loss) before income taxes	2,037	2,667	(1,969)	2,735
Income tax expense	25	--	--	25
Net income	\$ 2,012	\$ 2,667	\$ (1,969)	\$ 2,710
General Partner's interest in net income	\$ 40			\$ 54
Limited Partners' interest in net income	\$ 1,972			\$ 2,656
Net Income per Limited Partner unit	\$0.37			\$0.49
Weighted average number of Limited Partner units outstanding	5,271			5,419 / (d) /

- /(a)/ Adjustment for certain cost savings primarily salary and benefit expenses of certain selling shareholders.
- /(b)/ Reflects the incremental depreciation and amortization expense attributable to the Pearl assets conveyed.
- /(c)/ Reflects the adjustment to interest expense resulting from \$21.0 million in bank borrowings at 7.27%, and the elimination of \$48 thousand of interest income generated on cash balances during the twelve months ended September 30, 1997.
- /(d)/ Reflects the additional units issued to Star Gas Corporation as described in the Conveyance Agreement.

18

SIGNATURES

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

Star Gas Partners, L.P.
By: Star Gas Corporation (General Partner)

William G. Powers, Jr.

By: /s/ William G. Powers, Jr.
William G. Powers, Jr.
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the date indicated:

Signature	Title	Date
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/s/ William G. Powers, Jr. -----	President Star Gas Corporation	November 24, 1997

William G. Powers, Jr. (Principal Executive Officer)

/s/ Richard F. Ambury

Richard F. Ambury

Vice President - Finance
Star Gas Corporation
(Principal Financial and
Accounting Officer)

November 24, 1997