

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

Delaware
(State or other jurisdiction of
incorporation or organization)

06-1437773
(I.R.S. Employer
Identification No.)

2187 Atlantic Street
P.O. Box 120011
Stamford, Connecticut 06912-0011
(203) 328-7300
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Agreements for the Issuance of Restricted Incentive

Units to Non-Employee Directors

Agreement for the Issuance of Restricted Incentive Units to Irik P. Sevin
(Full Title of Plans)

Richard F. Ambury,
Vice President and Treasurer
Star Gas LLC
2187 Atlantic Street
P.O. Box 120011
Stamford, Connecticut 06912-0011
(203) 328-7300
(name and address, including zip code and telephone number,
including area code of agent for service)

Copies to:

Brian Brodrick, Esq.
Phillips Nizer Benjamin Krim & Ballon LLP
666 Fifth Avenue
New York, New York 10103
(212) 977-9700

CALCULATION OF REGISTRATION FEE

| Title of Each Class of Securities to be Registered | Amount to be Registered(1) | Proposed Maximum Offering Price Per Share | Proposed Maximum Aggregate Offering Price | Amount of Registra- tion Fee |
|--|-------------------------------|--|--|------------------------------------|
| Senior Subordinated Units..... | 129,500 | \$8.72(2) | \$1,129,240(2) | \$299.00 |

(1) An indeterminate number of Senior Subordinated Units are registered

hereunder, which may be issued in the event provisions against dilution become operative. No additional registration fee is included for these shares.

- (2) The registration fee is based upon the average of the high and low sales prices for the Senior Subordinated Units of \$8.72 on September 20, 2000, as prescribed by Rule 457(c).

PART II

Item 3. Incorporation of Documents by Reference.

The following documents which have been filed by Star Gas Partners, L.P. (the "Registrant") with the Securities and Exchange Commission (the "Commission") are hereby incorporated by reference in this Registration Statement:

1. Annual Report on Form 10-K, as amended, for the fiscal year ended September 30, 1999.
2. Quarterly Reports on Form 10-Q for the fiscal quarters ended December 31, 1999 and March 31, 2000 and June 30, 2000.
3. The description of the Senior Subordinated Units contained in the Registrant's Registration Statement on Form 8-A filed pursuant to Section 12 of the Securities Exchange Act of 1934, and any amendment or report filed for the purpose of updating such description.

All documents filed by the Registrant pursuant to Section 13(a), 13(c), 14 and 15(d) of the Securities Exchange Act of 1934 subsequent to the date of the Registration Statement and prior to the filing of a post-effective amendment, which indicates that all securities offered have been sold or which deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference into this Registration Statement and to be a part hereof from the respective dates of filing such documents.

The Registrant will provide without charge to any Plan participant, at the request of such person, a copy of any or all of the foregoing documents incorporated herein by reference (other than exhibits to such documents). Requests should be directed to Richard F. Ambury, Vice President, Star Gas Partners, L.P., 2187 Atlantic Street, Stamford, Connecticut 06902 (Tel. No. 203-328-7300).

Item 4. Description of Securities.

Not Applicable.

Item 5. Interests of Named Experts and Counsel.

Not Applicable.

Item 6. Indemnification of Directors and Officers.

The amended and restated partnership agreement (the "Partnership Agreement") of the Registrant and the amended and restated partnership agreement (the "Operating Partnership Agreement") of the Registrant's subsidiary, Star Gas Propane, L.P. (the "Operating Partnership"), provide that the Registrant or the Operating Partnership, as the case may be, will indemnify (to the fullest extent permitted by applicable law) certain persons (the "Indemnitees") from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including, without limitation, legal fees and expenses), judgements, fines and amounts paid in settlement actually and reasonably incurred by such Indemnitee in connection with any claim, demand, action, suit or proceeding to which the Indemnitee is or was an actual or threatened party and which relates to the Partnership Agreement or the Operating Partnership Agreement or the property, business, affairs or management of the Registrant or the Operating Partnership. This indemnity is available only if the Indemnitee acted in good faith, in a manner in which such Indemnitee believed to be in, or not opposed to, the best interests of the Registrant and, with respect to any criminal proceeding, had no reasonable cause to believe its conduct was unlawful.

Indemnitees include the general partner, any Departing Partner (as defined in the Partnership Agreement), any affiliate of the general partner or any Departing Partner, any person who is or was a director, officer, employee or agent of the general partner or any Departing Partner or any affiliate of either, or any person who is or was serving at the request of the General Partner, any Departing Partner, or any such affiliate as a director, officer, partner, trustee, employee or agent of another person. Expenses subject to indemnity will be paid by the applicable Registrant to the Indemnitee in advance, subject to receipt of an undertaking by or on behalf of the Indemnitee to repay such amount if it is ultimately determined by a court of competent jurisdiction that the Indemnitee is not entitled to indemnification. The Registrant will, to the extent commercially reasonable, purchase and maintain insurance on behalf of the Indemnitees, whether or not the Registrant would have the power to indemnify such Indemnitees against liability under the applicable partnership agreement. Star Gas LLC, the general partner of the Registrant, maintains a policy of directors' and officers' liability insurance on behalf of its officers and directors.

Item 7. Exemption From Registration Claimed.

Not Applicable.

Item 8. Exhibits.

Exhibit

| Exhibit Nos. | Description of Exhibits |
|--------------|-------------------------|
|--------------|-------------------------|

| | |
|-------|--|
| 5.1* | Opinion of Phillips Nizer Benjamin Krim & Ballon LLP |
| 10.1* | Form of Agreement for the Issuance of Restricted Incentive Units to Non-Employee Directors |
| 10.2* | Form of Agreement for the Issuance of Restricted Incentive Units to Irik P. Sevin |
| 23.1* | Consent of KPMG LLP |
| 23.3* | Consent of Phillips Nizer Benjamin Krim & Ballon LLP (included in Exhibit 5.1)* |

*Filed herewith.

Item 9. Undertakings.

1. The undersigned Registrant hereby undertakes:

(i) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration Statement to include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement.

(ii) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(iii) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

2. The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable,

each filing an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

3. Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Act") may be permitted to directors, officers or controlling persons of the Registrant, pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that, in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act, and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for the filing on Form S-8 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Stamford, State of Connecticut, on the 26th day of September, 2000.

Star Gas Partners, L.P.

By: STAR GAS LLC,
As General Partner

By /s/ Irik P. Sevin

Irik P. Sevin
Chairman of the Board and
Chief Executive Officer

POWER OF ATTORNEY

Each person whose signature appears below appoints Irik P. Sevin, Richard F. Ambury and George Leibowitz and each of them, any of whom may act without the joinder of the other, as his or her true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act, and to file the same, with all exhibits thereto, and all other documents in connection, therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or would do in person, hereby ratifying and confirming all that said attorney-in-fact and agents or any of them or their or his or her substitute and substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated:

| Signature ----- | Title ----- | Date ---- |
|---|---|--------------------|
| /s/ Irik P. Sevin ----- Irik P. Sevin | Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer) | September 26, 2000 |
| /s/ George Leibowitz ----- George Leibowitz | Chief Financial Officer (Principal Financial and Accounting Officer) | September 26, 2000 |

/s/ Audrey L. Sevin

Director

September 26, 2000

Audrey L. Sevin

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/s/ William Nicoletti

Director

September 26, 2000

William Nicoletti

/s/ Paul Biddelman

Director

September 26, 2000

Paul Biddelman

/s/ Thomas J. Edelman

Director

September 26, 2000

Thomas J. Edelman

/s/ I. Joseph Massoud

Director

September 26, 2000

I. Joseph Massoud

/s/ Stephen Russell

Director

September 26, 2000

Stephen Russell

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Phillips Nizer Benjamin Krim & Ballon LLP
666 Fifth Avenue
New York, New York 10103-0084

September 27, 2000

Star Gas Partners, L.P.
2187 Atlantic Street
Stamford, CT 06912-0011

Re: Registration Statement of Form S-8

Dear Ladies and Gentlemen:

We refer to the above-captioned registration statement (the "Registration Statement") under the Securities Act of 1933, as amended, filed by Star Gas Partners, L.P., a Delaware limited partnership (the "Partnership"), with the Securities and Exchange Commission, relating to 129,500 senior subordinated units (the "Units") of limited partner interests in the Partnership which are being registered for issuance to a certain officer and directors pursuant to separate incentive compensation agreements (the "Agreements").

Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Registration Statement.

We have made such examination of law and have examined originals or copies, certified or otherwise authenticated to our satisfaction, of all such records, agreements and other instruments, certificates and orders of public officials, certificates of the General Partner and representatives of the partnership, and other documents that we have deemed necessary to render the options hereinafter set forth.

In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original thereof of all documents submitted to us as certified or photostatic copies, and the authenticity of the originals of such latter documents.

Based on the foregoing, we are of the opinion that:

1. The Partnership has been duly formed and is validly existing as a limited partnership in good standing under the laws of the State of Delaware.
2. The Units when and to the extent issued in accordance with the Partnership Agreement and the Agreements will be validly issued, fully paid and non-assessable.

Star Gas Partners, L.P.
Page -2-
September 27, 2000

We are attorneys admitted to practice in the State of New York. Our opinion relates only to the laws of the State of New York, applicable federal law of the United States of America and the corporate and limited partnership laws of Delaware. We express no opinion on the law of any other jurisdiction.

We hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ Brian Brodrick

PHILLIPS NIZER BENJAMIN
KRIM & BALLON LLP

STAR GAS PARTNERS, L.P.

INCENTIVE UNITS AGREEMENT

FOR OUTSIDE DIRECTORS

THIS AGREEMENT, made as of this 30th day of August, 2000 by Star Gas Partners, L.P., a Delaware limited partnership (the "Partnership"), with _____ (the "Grantee"):

W I T N E S S E T H:

WHEREAS, the Partnership has adopted an equity based incentive program (the "Program") for the non-employee members (the "Outside Directors") of the Board of Directors of Star Gas LLC, the general partner of the Partnership ("Star");

WHEREAS, pursuant to the Program, each Outside Director is entitled to receive 8,500 Senior Subordinated Units (the "Units") of limited partnership interest on the terms and conditions set forth herein;

WHEREAS, the Grantee is an Outside Director of Star.

NOW, THEREFORE, the parties hereto agree as follows:

1. Grant of Incentive Units. The Partnership hereby grants (the _____ "Grant") to the Grantee as of the date hereof (subject to the restrictions set forth herein) 8,500 Units, upon the following terms and conditions:

- (i) 1,700 Units [20% of the Grant] (the "Initial Units") shall vest immediately. Certificates representing these Units will be delivered

promptly to the Grantee and shall be freely transferable subject to Section 5.

- (ii) The balance of the Grant (the "Contingent Units") shall vest in four (non-cumulative) installments of 1,700 Units each if the Partnership earns a minimum (each, a "Target") of the following amount of distributable cash flow ("DCF") per limited partner unit ("LP Unit") in the following fiscal years:

| Fiscal Year ----- | Target DCF Per LP Unit ----- |
|----------------------|---------------------------------|
| 2001 | \$2.19 |
| 2002 | 2.29 |
| 2003 | 2.39 |
| 2004 | 2.49 |

- (iii) Certificates for the Contingent Units will be delivered promptly upon vesting and will be freely transferable subject to Section 6. Installments that do not vest shall be forfeited;
- (iv) For purposes of this Agreement, the term Distributable Cash Flow shall mean the numbers publicly announced by the General Partner as the Partnership's distributable cash flow or if such distributable cash flow is not publicly announced, then the

distributable cash flow of the Partnership as determined by its Chief Financial Officer, in either case, adjusted to eliminate the impact of acquisitions made in the year being calculated.

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2. Contingent Unit Distributions. Distributions on each Contingent

Unit shall accrue and be payable on the date the Contingent Unit vests as follows:

- (i) The amount of such distributions per Unit (hereinafter referred to as the "DCF Bonus") shall be equal to the sum of:
 - (A) (1) The amount by which the DCF of the Partnership exceeds an amount sufficient to permit the Partnership to pay the Minimum Quarterly Distribution of \$2.30 per share on all Common Units and the Target DCF per LP Unit on all other Units outstanding divided by (2) the total number of Contingent Units outstanding (which for the purposes of these calculations includes all contingent units that have heretofore or that may hereafter be issued by the Partnership, including, without limitation, incentive contingent units issued to employees). Notwithstanding the foregoing, such accrual shall not exceed an amount equal to the Target DCF per LP Unit. plus

 - (B) Should the Partnership determine to make distributions in excess (the "Excess Distributions") of the amount paid on the outstanding Units plus the amount accrued for the DCF Bonuses, the Contingent Units shall be treated as Senior Subordinated Units in determining the amount of Excess Distributions to be distributed and accrued per Unit. The amount of Excess Distributions per Contingent Unit so accrued will be included in the DCF Bonus.
- (ii) The DCF Bonus shall be forfeited with respect to any Contingent Units that do not vest.

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3. Termination. In the event the Grantee ceases to be, for any reason, a

Director (such event a "Termination") all Contingent Units shall be forfeited by the Grantee.

4. Status of Contingent Units. The Partnership shall deliver the unit

certificate(s) to the Grantee for Contingent Units promptly following the receipt of written certification from an authorized officer of the General Partner that such Contingent Units are vested. The Grantee shall have no right to receive distributions with respect to, to vote, or to otherwise exercise any ownership rights with respect to such Contingent Units until they are vested.

5. Securities Regulation.

(a) Units shall not be issued unless the issuance and delivery of such Units shall comply with all relevant provisions of law, including, without limitation, any applicable state securities laws, the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations thereunder and the requirements of any stock exchange or quotation system upon which the Units may then be listed or quoted, and such issuance shall be further subject to the approval of counsel for the Partnership with respect to such compliance, including the availability of an exemption from registration for the issuance of such Units. The inability of the Partnership to obtain from any regulatory body the authority deemed by the Partnership to be necessary for the lawful issuance of any Units under this Agreement, or the unavailability of an exemption from registration for the issuance of any Units under this Plan, shall relieve the Partnership of any liability with respect to the non-issuance of such Units.

(b) The issuance, transfer or delivery of certificates representing Units may be delayed, at the discretion of the General Partner, until the General Partner is satisfied that the applicable requirements of the federal and state securities laws and the withholding

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provisions of the Internal Revenue Code of 1986, as amended (or any successor thereto) have been met.

6. Rights as Unitholder. Except to the extent set forth above,

Grantee shall have no rights as a unitholder with respect to any Contingent Units until the issuance (as evidenced by the appropriate entry on the books of the Partnership or a duly authorized transfer agent) of a certificate representing the Units. No adjustment shall be made for distributions or other rights for which the record date is prior to the date the certificate is issued.

7. Invalid Transfers. In the event of any attempt by the Grantee to

transfer, assign, pledge, hypothecate or otherwise dispose of any Contingent Units or of any right hereunder, except as provided for herein, or in the event of the levy or any attachment, execution or similar process upon the rights or interest hereby conferred, the Partnership may terminate this Grant by notice to the Grantee and it shall thereupon become null and void.

8. Notices. Any notice to the Partnership provided for in this

Agreement shall be addressed to the Partnership in care of its Chief Financial Officer, 2187 Atlantic Street, Stamford, Connecticut 06902 and any notice to the Grantee shall be addressed to him at his address now on file with the Partnership, or to such other address as either may last have designated to the other by notice as provided herein. Any notice so addressed shall be deemed to be given on the second business day after mailing, by registered or certified mail, at a post office or branch post office within the United States.

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9. Controversies. In the event that any question or controversy

shall arise with respect to the nature, scope or extent of any one or more rights conferred by this Grant, the determination by the Board of Directors of Star of the rights of the Grantee shall be conclusive, final and binding upon the Grantee and upon any other person who shall assert any right pursuant to this Grant.

STAR GAS PARTNERS, L.P.
By: Star Gas LLC
(General Partner)

By: _____
Name: Irik P. Sevin
Title: Chairman and Chief Executive Officer

ACCEPTED AND AGREED

, Grantee

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AGREEMENT, made as of this 1st day of December, 1999 by STAR GAS PARTNERS, L.P., a Delaware limited partnership (the "Partnership"), and IRIK P. SEVIN (the "Grantee").

W I T N E S S E T H :

WHEREAS, the Grantee is the Chairman of the Board and Chief Executive Officer of Star Gas LLC, a Delaware limited liability company ("Star"), which is the general partner of the Partnership;

WHEREAS, the Board of Directors (the "Board") of Star, at the recommendation of the compensation committee (the "Committee") of the Board, has determined that it would be in the best interests of the Partnership to grant to the Grantee incentive compensation in the form of restricted senior subordinated units and restricted senior subordinated unit appreciation rights;

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. Grant of Restricted Units and Restricted Unit Appreciation Rights. The Partnership hereby grants to the Grantee as of the date hereof 87,000 restricted senior subordinated units of limited partner interest of the Partnership (the "Restricted Units") and 350,000 restricted senior subordinated unit appreciation rights (the "Restricted Unit Appreciation Rights"), subject to the terms and conditions set forth herein.

2. Restriction Period. The Grantee's rights to payments under this Agreement are not subject, in any manner, to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment, by creditors of the Grantee or the Grantee's beneficiaries, and the Grantee shall not be permitted to sell, assign, transfer, pledge or otherwise encumber or exercise (the "Restrictions") the Restricted Units and the Restricted Unit Appreciation Rights during the period (the "Restriction Period") from the date hereof through the date on which such Restricted Units and Restricted Unit Appreciation Rights shall be delivered to the Grantee. The Restricted Unit Appreciation Rights and Restricted Units shall have vested on the following dates (the "Vesting Dates") in accordance with the following vesting schedule:

(i) The first 21,750 Restricted Units shall vest on December 1, 2000 and the first 87,500 Restricted Unit Appreciation Rights shall vest on January 31, 2001;

(ii) The next 21,750 Restricted Units and 87,500 Restricted Unit Appreciation Rights shall vest on December 1, 2001;

(iii) The next 21,750 Restricted Units and 87,500 Restricted Unit Appreciation Rights shall vest on December 1, 2002; and

(iv) The final 21,750 Restricted Units and 87,500 Restricted Unit Appreciation Rights shall vest on December 1, 2003.

Upon the expiration of the applicable Restriction Period, the Restrictions on the Restricted Units and Restricted Unit Appreciation Rights shall lapse and thereafter such Restricted Units and Restricted Unit Appreciation Rights shall be deemed to be fully vested units (the "Vested Units") and fully vested rights (the "Vested Rights"). Certificates for the Restricted Units shall be issued upon the execution of this Agreement to the trustee ("Trustee") of a trust for the benefit of the Grantee substantially in the form of Exhibit A hereto, which provides, among other things that Restricted Units shall not be delivered to the Grantee prior to January 1, 2003, or such later date as is provided therein.

3. Termination. Subject to Section 12 below, in the event the Grantee ceases to be, for any reason (except termination for Cause), an employee during the Restriction Period, all Restricted Units and Restricted Unit Appreciation Rights that have not previously vested shall be immediately vested.

4. Distributions on Restricted Units. Distributions on the Restricted

Units shall accrue (to the extent declared) from June 30, 2000 and shall be payable to the Trustee.

5. Rights as Unitholder. Except as provided for in Section 4 above,

neither the Trustee nor the Grantee shall have any rights as a unitholder with respect to any Restricted Units until such Restricted Units shall have vested in accordance with Section 2 above.

6. Payment on Account of Vested Rights. The Grantee shall be entitled to

receive a payment in cash (the "Cash Award") in respect of each Vested Right equal to the excess of the Fair Market Value (defined below) of a Senior

Subordinated Unit on the Vesting Date over \$8 5/8; provided, however, at any

time before the first day of the year in which a Restricted Right becomes vested, the Grantee shall have the right (the "Payment Deferral") to defer payment by written notice to the Partnership to any date (the "Deferred Date") no more than ten years after such right becomes vested, in which event the cash payment shall be deferred until the Deferred Date and the cash payment shall be based upon the value of a Senior Subordinated Unit on the Deferred Date (rather than the Vesting Date). If the Grantee has elected a Deferred Date, he may from time to time, but prior to the calendar year of the then effective Deferred Date elect a later Deferred Date. Payments shall be made no later than 30 days after due. No payments shall be made on Restricted Unit Appreciation Rights that are forfeited.

7. Tax Withholding. Prior to the distribution or payment of any Vested

Units or Vested Rights award (the "Award"), the Grantee must pay, or make arrangements acceptable to the Partnership for the payment of, any and all federal, state and local tax withholdings that in the opinion of the Partnership is required by law. The Partnership shall have the right to deduct applicable taxes from any Award payment and withhold, at the time of delivery or vesting of Restricted Units, an appropriate number of Units for payment of taxes required by law or to take such other action as may be necessary in the opinion of the Partnership to satisfy all obligations for withholding of such taxes.

8. Securities Regulation. The Vested Units shall not be issued to the

trust unless the issuance and delivery of such Vested Units shall comply with all relevant provisions of law, including, without limitation, any applicable state securities laws, the Securities Act of 1933, as amended, the Securities Exchange Act of 1934 (the "Exchange Act") the rules and regulations

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thereunder and the requirements of any stock exchange or quotation system upon which the Vested Units may then be listed or quoted, and such issuance shall be further subject to the approval of counsel for the Partnership with respect to such compliance, including the availability of an exemption from registration for the issuance of such Vested Units.

9. Adjustments. In the event of any change in the Senior Subordinated

Units by reason of a unit split, unit distribution, combination or reclassification of units, recapitalization, merger, or similar event, the Partnership shall adjust proportionately the number of Restricted or Vested Rights issuable pursuant to this Agreement and the Fair Market Value and other price determinations for such Rights.

10. Invalid Transfers. In the event of any attempt by the Grantee to

transfer, assign, pledge, hypothecate or otherwise dispose of any Restricted Units or Restricted Unit Appreciation Rights or of any right hereunder, except as provided for herein, or in the event of the levy or any attachment, execution or similar process upon the rights or interest hereby conferred, the Partnership may terminate this Grant by notice to the Grantee and it shall thereupon become null and void.

11. Notices. Any notice to the Partnership provided for in this Agreement

shall be addressed to the Partnership in care of its Chief Financial Officer, 2187 Atlantic Street, Stamford, Connecticut 06902 and any notice to the Grantee shall be addressed to him at his address now on file with the Partnership, or to such other address as either may last have designated to the other by notice as provided herein. Any notice so addressed shall be deemed to be given on the second business day after mailing, by registered or certified mail, at a post office or branch post office within the United States.

12. Vesting Upon the Occurrence of Certain Events. If (i) a plan of

complete dissolution of the Partnership is adopted or the unitholders of the Partnership approve an agreement for the sale or disposition by the Partnership (in one transaction or a series of transactions) of all or substantially all of the Partnership's assets, or (ii) if Grantee's employment is terminated either by the Grantee or the Partnership for any reason or no reason other than for Cause, then upon such adoption, approval or termination (each such event is referred to as a "Major Event") all Restrictions shall lapse and all Restricted Units and Restricted Unit Appreciation Rights shall vest immediately and Grantee or his legal representative shall have the right, exercisable for thirty days after the date (the "Closing Date") of a Major Event, to revoke any Payment Deferral previously made by Grantee in which case the Cash Award with respect to the Vested Rights shall be due and payable as of the Closing Date.

13. Status as General Unsecured Creditor. The Grantee under this Agreement

has the status of a general unsecured creditor of the Partnership, and this Agreement constitutes a mere promise of the Partnership to make payments in the future. It is the intention of the parties to this Agreement that any units or rights held for the grantee, in trust or otherwise, will be considered an unfunded arrangement for tax purposes.

14. Governing Law. The validity, construction and effect of this Agreement

shall be determined in accordance with the laws of the State of Delaware.

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15. Definitions. As used in this Agreement, the following terms shall have

the meanings set forth below:

(a) "Affiliate" shall mean and any direct or indirect subsidiary of the Partnership, including without limitation Star Gas Propane, L.P., a Delaware limited partnership and Petroleum Heat and Power Co., Inc., a Minnesota corporation.

(b) "Cause" shall mean (i) Grantee's conviction of a felony crime occurring on or after the execution of this Agreement, or (ii) Grantee's commission of an act of fraud, dishonesty, misappropriation or embezzlement involving the Partnership.

(c) "Change of Control" shall mean (i) if the present members of Star no longer have the right to elect a majority of the Board of Directors of Star or any successor entity or (ii) if Star or such successor entity is no longer the general partner of the Partnership.

(d) "Fair Market Value" shall mean, at any specified time, with respect to a Senior Subordinate Unit, if the Senior Subordinated Units are traded on an exchange, the closing price of a Senior Subordinated Unit or, if applicable, the mean of its closing bid and asked prices on the date of determination. If the exchange on which the Senior Subordinated Units are required to be valued is closed, or if the Senior Subordinated Units did not trade on such exchange on the date of determination, the Senior Subordinated Units shall be valued as if the date of determination were the last previous date on which such exchange was open, or on which the Senior Subordinated Units traded on such exchange. For this purpose, an "exchange" shall mean the exchange on which the Senior Subordinated Units were traded in the greatest volume in the calendar quarter prior to the date of determination and shall include normal securities trading markets which do not meet the normal requirements for exchanges, including, for example, the quotation system of the National Association of Securities Dealers customarily known as Nasdaq or any recognized over-the-counter market or system maintained in the United States or any foreign country on which transactions in Senior Subordinated Units are normally

effected. In the absence of a readily ascertainable closing price or bid and asked price, or in the absence of a formal exchange or trading market with respect to the Senior Subordinated Units, the market value of a Unit shall mean its market value as determined by the Partnership on a basis consistently applied.

STAR GAS PARTNERS, L.P.

By: Star Gas LLC
(General Partner)

By: _____
Name:
Title:

ACCEPTED AND AGREED

Grantee

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Star Gas Partners, L.P.

We consent to incorporation by reference in the registration statement filed on Form S-8 of Star Gas Partners, L.P. of our report dated November 30, 1999, relating to the consolidated balance sheets of Star Gas Partners, L.P. and subsidiary as of September 30, 1998 and 1999, and the related consolidated statements of operations, partners' capital and cash flows for each of the years in the three-year period ended September 30, 1999 and related schedule, which report appears in the September 30, 1999 annual report on Form 10-K of Star Gas Partners, L.P.

Stamford, Connecticut
September 26, 2000