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

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**FORM 8-K**

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**CURRENT REPORT**

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

**Date of report (Date of earliest event reported) October 19, 2006**

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**STAR GAS PARTNERS, L.P.**

(Exact name of registrant as specified in its charter)

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**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.)

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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***Indemnification Agreements*

On October 19, 2006, the Board of Directors of Kestrel Heat, LLC, a Delaware limited liability company (the "Company") and the general partner of Star Gas Partners, L.P. (the "Partnership"), authorized Kestrel Heat to enter into amendments (the "Amendments") to the Indemnification Agreements dated as of July 20, 2006 with each of its directors and executive officers. The Amendments expand the indemnification rights provided for under the Indemnification Agreements to include indemnification for judgments, penalties, fines and amounts paid in settlement in connection with proceedings brought by or in the right of the Company or the Partnership, if the officer or director acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and the Partnership, and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful.

The description of the Amendments that is contained in this Form 8-K are qualified in its entirety to the text of the actual form of Amendment that is filed as an exhibits hereto.

**Item 9.01(c) Exhibits**

99.1 Form of Amendment No. 1 to Indemnification Agreements.

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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: October 23, 2006

**AMENDMENT NO. 1  
TO  
INDEMNIFICATION AGREEMENT**

This Amendment No. 1 (the "Amendment") dated as of October \_\_, 2006, by and between Kestrel Heat LLC, a Delaware limited liability company (the "Company") and \_\_\_\_\_ ("Indemnitee") amends the Indemnification Agreement dated as of July 20, 2006 (the "Indemnification Agreement") between the Company and the Indemnitee. Capitalized terms used herein without definition shall have the meanings ascribed to them in the Indemnification Agreement.

**WITNESSETH:**

WHEREAS, in order to continue to attract and retain highly qualified persons to serve as officers and directors of the Company, the Company proposes to expand the indemnification rights provided for under the Indemnification Agreement to include indemnification for judgments, penalties, fines and amounts paid in settlement in connection with Proceedings brought by or in the right of the Company or the Partnership, as permitted under the Delaware Limited Liability Company Act.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and Indemnitee hereby agree that effective the date hereof:

1. Section 5 of the Indemnification Agreement is hereby replaced in its entirety with the following provision:

Section 5. Proceedings by or in the Right of the Company or the Partnership. Indemnitee shall be entitled to the rights of indemnification provided in this Section if, by reason of his Company Status, he is, or is threatened to be made, a party to any threatened proceeding or completed Proceeding brought by or in the right of the Company or the Partnership to procure a judgment in its favor. Pursuant to this Section, Indemnitee shall be indemnified against Expenses, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by him or on his behalf in connection with any such Proceeding or any claim, issue or matter therein, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and the Partnership, and, with respect to any criminal Proceeding, had no reasonable cause to believe his conduct was unlawful.

2. The Indemnification Agreement, as amended hereby, is and shall continue to be in full force and effect and is in all respects confirmed and ratified.

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**Execution**

The parties hereto have executed this Agreement as of the date first written above.

KESTREL HEAT, LLC

By: \_\_\_\_\_

Joseph Cavanaugh  
Chief Executive Officer

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**Reimbursement of Kestrel Heat, LLC**

Star Gas Partners, L.P. hereby agrees to promptly reimburse Kestrel Heat, LLC for all Expenses paid by Kestrel Heat, LLC to or on behalf of Indemnitee pursuant to the Agreement as amended by the Amendment.

By Star Gas Partners, L.P.

By: Kestrel Heat, LLC

By: \_\_\_\_\_

Joseph Cavanaugh  
Chief Executive Officer