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

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2009

or

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

For the transition period from __________ to __________

Commission file number: 001-33631

Quicksilver Gas Services LP

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**56-2639586** (I.R.S. Employer Identification No.)
777 West Rosedale, Fort Worth, Texas (Address of principal executive offices)	**76104** (Zip Code)

817-665-8620
(Registrant's telephone number, including area code)

None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☑ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common units, as of the latest practicable date:

Title of Class	Outstanding as of July 22, 2009
Common Units	12,313,451

QUICKSILVER GAS SERVICES LP
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For the Period Ended June 30, 2009

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DEFINITIONS

As used in this report, unless the context otherwise requires:

"Bbl" or ***"Bbls"*** means barrel or barrels
"Btu" means British Thermal units, a measure of heating value
"EBITDA" means earnings before interest, taxes, depreciation and accretion
"LIBOR" means London Interbank Offered Rate
"Management" means management of Quicksilver Gas Services LP's General Partner
"MMBtu" means million Btu
"MMBtud" means million Btu per day
"Mcf" means thousand cubic feet
"MMcf" means million cubic feet
"MMcfd" means million cubic feet per day
"MMcfe" means MMcf of natural gas equivalents, calculated as one Bbl of oil or NGLs equaling six Mcf of gas
"MMcfed" means MMcfe per day
"NGL" or ***"NGLs"*** means natural gas liquids

COMMONLY USED TERMS

Other commonly used terms and abbreviations include:

"AICPA" means the American Institute of Certified Public Accountants
"FASB" means the Financial Accounting Standards Board, which promulgates accounting standards
"GAAP" means Generally Accepted Accounting Principles in the United States
"Gas Gathering and Processing Agreement" means the Sixth Amended and Restated Gas Gathering and Processing Agreement, dated September 1, 2008, among Quicksilver Resources Inc., Cowtown Pipeline Partners L.P. and Cowtown Gas Processing Partners L.P.
"General Partner" means Quicksilver Gas Services GP LLC, a Delaware limited liability company, which is owned by Quicksilver
"IPO" means our initial public offering completed on August 10, 2007
"KGS Predecessor" means prior to the IPO, collectively Cowtown Pipeline L.P., Cowtown Pipeline Partners L.P., Cowtown Gas Processing L.P. and Cowtown Gas Processing Partners L.P.
"Lake Arlington Gas Gathering Agreement" means the Amended and Restated Gas Gathering Agreement, dated September 1, 2008, among Quicksilver Resources Inc. and Cowtown Pipeline L.P. and subsequently assigned to Cowtown Pipeline Partners L.P.
"Omnibus Agreement" means the Omnibus Agreement, dated August 10, 2007, among Quicksilver Gas Services LP, Quicksilver Gas Services GP LLC and Quicksilver Resources Inc., as amended
"Partnership Agreement" means the Second Amended and Restated Agreement of Limited Partnership of Quicksilver Gas Services LP, dated February 19, 2008
"Quicksilver" means, Quicksilver Resources Inc. and its subsidiaries
"Quicksilver Counties" means Hood, Somervell, Johnson, Tarrant, Hill, Parker, Bosque and Erath Counties in Texas
"SEC" means the United States Securities and Exchange Commission
"SFAS" or ***"Statement"*** means Statement of Financial Accounting Standards issued by the FASB

Forward-Looking Information

Certain statements contained in this report and other materials we file with the SEC, or in other written or oral statements made or to be made by us, other than statements of historical fact, are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our current expectations or forecasts of future events. Words such as “may,” “assume,” “forecast,” “position,” “predict,” “strategy,” “expect,” “intend,” “plan,” “aim,” “estimate,” “anticipate,” “believe,” “project,” “budget,” “potential,” or “continue,” and similar expressions are used to identify forward-looking statements. Forward-looking statements can be affected by assumptions used or by known or unknown risks or uncertainties. Consequently, no forward-looking statements can be guaranteed. Actual results may vary materially. You are cautioned not to place undue reliance on any forward-looking statements and should also understand that it is not possible to predict or identify all such factors and should not consider the following list to be a complete statement of all potential risks and uncertainties. Factors that could cause our actual results to differ materially from the results contemplated by such forward-looking statements include:

- changes in general economic conditions;
- fluctuations in natural gas prices;
- failure or delays in Quicksilver and third parties achieving expected production from natural gas projects;
- competitive conditions in our industry;
- actions taken or non-performance by third parties, including suppliers, contractors, operators, processors, transporters and customers;
- fluctuations in the value of certain of our assets and liabilities;
- changes in the availability and cost of capital;
- operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control;
- construction costs or capital expenditures exceeding estimated or budgeted amounts;
- the effects of existing and future laws and governmental regulations;
- the effects of current and future litigation; and
- certain factors discussed elsewhere in this quarterly report.

The list of factors is not exhaustive, and new factors may emerge or changes to these factors may occur that would impact our business. Additional information regarding these and other factors may be contained in our filings with the SEC, especially on Forms 10-K, 10-Q and 8-K. All such risk factors are difficult to predict and are subject to material uncertainties that may affect actual results and may be beyond our control.

All forward-looking statements are expressly qualified in their entirety by the foregoing cautionary statements.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

QUICKSILVER GAS SERVICES LP
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
In thousands, except for per unit data — Unaudited

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue				
Revenue Gathering and transportation revenue — Quicksilver	$ 14,092	$ 7,199	$ 28,166	$ 13,676
Gathering and transportation revenue	669	1,633	1,644	2,453
Gas processing revenue — Quicksilver	8,684	7,701	17,386	14,521
Gas processing revenue	311	1,447	1,049	2,290
Other revenue — Quicksilver	225	225	450	450
Total revenue	23,981	18,205	48,695	33,390
Expenses				
Operations and maintenance	6,003	5,312	11,414	10,262
General and administrative	1,738	1,422	3,730	3,239
Depreciation and accretion	5,768	3,407	10,809	6,563
Total expenses	13,509	10,141	25,953	20,064
Operating income	10,472	8,064	22,742	13,326
Other income	1	1	1	6
Interest expense	2,813	2,421	5,686	4,839
Income before income taxes	7,660	5,644	17,057	8,493
Income tax provision	248	38	211	3
Net income	$ 7,412	$ 5,606	$ 16,846	$ 8,490
General partner interest in net income	$ 233	$ 126	$ 504	$ 182
Common and subordinated unitholders' interest in net income	7,179	5,480	16,342	8,308
Earnings per common and subordinated unit:				
Basic	$ 0.30	$ 0.23	$ 0.69	$ 0.35
Diluted	0.27	0.23	0.61	0.35
Weighted average number of common and subordinated units outstanding:				
Basic	23,827	23,783	23,827	23,783
Diluted	28,395	23,924	28,489	23,924

The accompanying notes are an integral part of these condensed consolidated financial statements.

QUICKSILVER GAS SERVICES LP
CONDENSED CONSOLIDATED BALANCE SHEETS
In thousands, except for unit data — Unaudited

	June 30, 2009	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	$ 581	$ 303
Accounts receivable	583	2,082
Accounts receivable from Quicksilver	1,317	—
Prepaid expenses and other current assets	577	594
Total current assets	3,058	2,979
Property, plant and equipment, net	507,462	488,120
Other assets	1,731	1,916
	$ 512,251	$ 493,015
LIABILITIES AND PARTNERS' CAPITAL		
Current liabilities		
Current maturities of debt	$ 1,925	$ 1,375
Accounts payable to Quicksilver	—	10,502
Accrued additions to property, plant and equipment	10,105	17,433
Accounts payable and other	3,392	1,930
Total current liabilities	15,422	31,240
Long-term debt	195,900	174,900
Note payable to Quicksilver	52,817	52,271
Repurchase obligations to Quicksilver	133,443	123,298
Asset retirement obligations	8,898	5,234
Deferred income tax liability	580	369
Commitments and contingent liabilities (Note 8)		
Partners' capital		
Common unitholders (12,313,451 and 12,269,714 units issued and outstanding at June 30, 2009 and December 31, 2008, respectively)	108,176	108,036
Subordinated unitholders (11,513,625 units issued and outstanding at June 30, 2009 and December 31, 2008)	(2,951)	(2,328)
General partner	(34)	(5)
Total partners' capital	105,191	105,703
	$ 512,251	$ 493,015

The accompanying notes are an integral part of these condensed consolidated financial statements.

QUICKSILVER GAS SERVICES LP
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
In thousands — Unaudited

	Six Months Ended June 30,	
	2009	2008
Operating activities:		
Net income	$ 16,846	$ 8,490
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	10,631	6,478
Accretion of asset retirement obligation	178	85
Deferred income taxes	211	(55)
Equity-based compensation	870	501
Non-cash interest expense	3,252	4,607
Changes in assets and liabilities:		
Accounts receivable	1,499	(1,435)
Prepaid expenses and other assets	32	(562)
Accounts receivable and payable with Quicksilver	(2,284)	5,170
Accounts payable and other	2,051	801
Net cash provided by operating activities	33,286	24,080
Investing activities:		
Capital expenditures	(35,780)	(59,434)
Net cash used in investing activities	(35,780)	(59,434)
Financing activities:		
Proceeds from revolving credit facility borrowings	31,500	50,300
Repayment of credit facility	(10,500)	—
Repayment of subordinated note payable to Quicksilver	—	(550)
Distributions to unitholders	(18,165)	(14,914)
Other	(63)	—
Net cash provided by financing activities	2,772	34,836
Net cash increase (decrease)	278	(518)
Cash at beginning of period	303	1,125
Cash at end of period	$ 581	$ 607
Cash paid for interest	$ 2,745	$ 739
Cash paid for income taxes	—	—
Non-cash transactions:		
Working capital related to capital expenditures	15,056	29,497
Acquisition of property, plant and equipment under repurchase obligation	(7,570)	(46,732)

The accompanying notes are an integral part of these condensed consolidated financial statements.

QUICKSILVER GAS SERVICES LP
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN PARTNERS' CAPITAL
In thousands — Unaudited

	Partners' Capital			
	Limited Partners			
	Common	Subordinated	General Partner	Total
Balance at December 31, 2008	$108,036	$ (2,328)	$ (5)	$105,703
Equity-based compensation expense recognized	870	—	—	870
Distributions paid to partners	(9,112)	(8,520)	(533)	(18,165)
Net income	8,445	7,897	504	16,846
Other	(63)	—	—	(63)
Balance at June 30, 2009	$108,176	$ (2,951)	$ (34)	$105,191

The accompanying notes are an integral part of these condensed consolidated financial statements.

QUICKSILVER GAS SERVICES LP
NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
UNAUDITED

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Organization — Quicksilver Gas Services LP ("KGS" or the "Partnership") is a Delaware limited partnership formed in January 2007 for the purpose of completing a public offering of common units and concurrently acquiring midstream assets. KGS' general partner is owned by Quicksilver.

As of June 30, 2009 the ownership of KGS is as follows:

	Ownership Percentage
Common unitholders:	
Public	27.2%
Quicksilver	23.5%
Subordinated unitholders:	
Quicksilver	47.4%
Total limited partner interest	98.1%
General Partner interest:	
Quicksilver	1.9%
Total	100.0%

Neither KGS nor the general partner has any employees. Employees of Quicksilver have been seconded to KGS' general partner pursuant to a services and secondment agreement. The seconded employees, including field operations personnel, general and administrative personnel and a vice president, operate or directly support KGS' gathering and processing assets.

Description of Business — We are engaged in gathering and processing natural gas and NGLs produced from the Barnett Shale formation in the Fort Worth Basin located in Texas. We provide services under contracts, whereby we receive fees for performing the gathering and processing services. We do not take title to the natural gas or associated NGLs that we gather and process and therefore avoid direct commodity price exposure.

KGS owns the following:

- The Cowtown System, located in the southern portion of the Fort Worth Basin, which includes:
  - the Cowtown Pipeline, consisting of a pipeline gathering system and gas compression facilities. This system gathers natural gas produced by KGS' customers and delivers it for processing;
  - the Cowtown Plant, consisting of a 125 MMcfd natural gas processing unit and a 75 MMcfd natural gas processing unit that extract NGLs from the natural gas stream and deliver customers' residue gas to unaffiliated pipelines for transport downstream; and
  - the Corvette Plant, placed into service during the first quarter of 2009, consisting of a 125 MMcfd natural gas processing unit that extracts NGLs from the natural gas stream and delivers customers' residue gas to unaffiliated pipelines for transport downstream.
- The Lake Arlington Dry System, located in Tarrant County, Texas, purchased from Quicksilver in the fourth quarter of 2008, which consists of a pipeline gathering system and a gas compression facility. This system gathers natural gas produced by KGS' customers and delivers it to unaffiliated pipelines for transport downstream.

As more fully described in Note 2, KGS' financial statements also include the results of operations of the Hill County Dry System, located in the southern portion of the Fort Worth Basin. This system consists of a pipeline gathering system and a gas compression facility that deliver customers' gas to unaffiliated pipelines for transport downstream.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The accompanying condensed consolidated interim financial statements and related notes present the financial position, results of operations, cash flows and changes in partners' capital of KGS' natural gas gathering and processing assets. These unaudited condensed consolidated interim financial statements include the accounts of the Partnership and have been prepared in accordance with accounting principles generally accepted in the United States. These financial statements should be read in conjunction with the audited financial statements included in our 2008 Annual Report on Form 10-K. In management's opinion all adjustments and eliminations of intercompany balances necessary to fairly present the Partnership's results of operations, financial position and cash flows for the periods presented have been made. All such adjustments are of a normal and recurring nature. As permitted by SEC rules, certain disclosures normally included in financial statements have been condensed or omitted. The results of operations for an interim period are not necessarily indicative of annual results.

Use of Estimates — The preparation of the financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities that exist as of the date of the financial statements. Estimates and judgments are based on information available at the time such estimates and judgments are made. Although management believes the estimates are appropriate, actual results can differ from those estimates.

Repurchase Obligations to Quicksilver — On June 5, 2007, KGS Predecessor sold pipeline and gathering assets to Quicksilver with KGS having either the obligation or option to repurchase the pipelines and gathering assets at a future date.

Assets that are currently subject to repurchase from Quicksilver consist of the following:

Cowtown Pipeline — KGS has the option to purchase certain laterals connected to the Cowtown Pipeline from Quicksilver at their original construction cost. Quicksilver provided notice to KGS during April 2009 that assets with an original construction cost of $62.5 million were available for purchase. These assets are included in the repurchase obligation to Quicksilver with an aggregate amount of $68.4 million, including accrued interest. KGS has two years from the date of notice to exercise our repurchase option on these assets. We have not determined which assets we will exercise our repurchase option for or the exact timing for completing the repurchase.

Hill County Dry System — KGS is obligated to purchase the Hill County Dry System from Quicksilver at its fair market value. These assets are included in the repurchase obligation to Quicksilver with an aggregate amount of $65.0 million, including accrued interest. KGS has two years from the date it receives notice from Quicksilver that the system is complete and has commenced commercial service to repurchase the Hill County Dry System.

The following table summarizes the assets subject to repurchase rights and obligations at June 30, 2009:

	Repurchase Obligation[1] (In millions)	KGS Repurchase
Cowtown Pipeline	$ 68.4	Optional at construction cost
Hill County Dry System	65.0	Obligatory at fair value
	$ 133.4	

(1) Quicksilver expects capital expenditures of approximately $4 million for the remainder of 2009 for assets subject to the repurchase obligations.

These assets' conveyance to Quicksilver on June 5, 2007 was not treated as a sale for accounting purposes because KGS operates them and intends to repurchase them. Accordingly, the original cost and subsequently incurred costs are recognized in both KGS' property, plant and equipment and our repurchase obligations to Quicksilver. KGS' results of operations include the revenue and expenses for these operations and similar treatment was applied to the Lake Arlington Dry System that was purchased from Quicksilver during 2008. For the six months ended June 30, 2009, KGS recognized $2.6 million of interest expense associated with the repurchase obligations to Quicksilver based on a weighted-average interest rate of 3.96%.

Net Income per Limited Partner Unit — KGS' net income is allocated to the general partner and the limited partners, including the holders of the common and subordinated units, in accordance with their respective ownership percentages, after giving effect to incentive distributions paid to the general partner. Basic earnings per unit is computed by dividing net income attributable to unitholders by the weighted average number of units outstanding during each period.

Diluted earnings per unit is computed using the treasury stock method, which considers the impact to net income and common equivalent units from the potential issuance of common units.

The following is a reconciliation of the weighted-average common and subordinated units used in the calculations of basic and diluted earnings per unit for the three and six months ended June 30, 2009 and 2008. The impact of the convertible subordinated note to Quicksilver is dilutive for the three months ended June 30, 2009, but was anti-dilutive for the three months ended June 30, 2008, based principally upon KGS units' market price during that time. The impact of the convertible subordinated note to Quicksilver is dilutive for the six months ended June 30, 2009, but was anti-dilutive for the six months ended June 30, 2008, based principally upon KGS units' market price during that time. Approximately 2.2 million potentially dilutive securities for the subordinated note to Quicksilver were excluded from the diluted net income per unit calculations for the three and six months ended June 30, 2008.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
	(In thousands, except per unit data)			
Common and subordinated unitholders' interest in net income	$ 7,179	$ 5,480	$ 16,342	$ 8,308
Impact of interest on subordinated note to Quicksilver	492	—	1,075	—
Income available assuming conversion of convertible debt	$ 7,671	$ 5,480	$ 17,417	$ 8,308
Weighted average common and subordinated units — basic	23,827	23,783	23,827	23,783
Effect of restricted phantom units	487	141	487	141
Effect of subordinated note to Quicksilver (1)	4,081	—	4,174	—
Weighted average common and subordinated units — diluted	28,395	23,924	28,488	23,924
Earnings per common and subordinated unit:				
Basic	$ 0.30	$ 0.23	$ 0.69	$ 0.35
Diluted	$ 0.27	$ 0.23	$ 0.61	$ 0.35

(1) Assumes that convertible debt is converted at a price of $13.41 per unit and $13.11 per unit, using the average closing price per unit for the three and six months ended June 30, 2009, respectively. Note 6, *Long-Term Debt*, in the consolidated financial statements in our 2008 Annual Report on Form 10-K contains a more complete description of our indebtedness.

Comprehensive Income — Comprehensive income is equal to net income for all periods presented due to the absence of any other comprehensive income.

Recently Issued Accounting Standards Affecting KGS

Pronouncements Implemented

SFAS No. 141 (revised 2007), *Business Combinations*, "SFAS No. 141(R)" was issued in December 2007. SFAS No. 141(R) replaces SFAS No. 141, *Business Combinations*, while retaining its fundamental requirements that the acquisition method of accounting be used for all business combinations and for an acquirer to be identified for each business combination. SFAS No. 141(R) defines the acquirer as the entity that obtains control in the business combination and it establishes the criteria to determine the acquisition date. The Statement also requires an acquirer to recognize the assets acquired and liabilities assumed measured at their fair values as of the acquisition date. In addition, acquisition costs are required to be recognized separately from the acquisition. We adopted the Statement on January 1, 2009, and will apply it to acquisitions completed after that date, none of which have occurred.

SFAS No. 160, *Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51* was issued in December 2007. The Statement amends prior standards to establish accounting and reporting standards for the noncontrolling interest in a subsidiary (previously referred to as "minority interest") and for the deconsolidation of a subsidiary. SFAS No. 160 clarifies that a noncontrolling interest is an ownership interest in the consolidated entity that should be reported as a component of equity in the consolidated financial statements. The Statement also changes the way the consolidated income statement is presented by requiring consolidated net income to be reported at amounts that include the amounts attributable to both the Parent and noncontrolling interest. Additionally, SFAS No. 160 establishes a single method for accounting for changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation. We adopted the Statement on January 1, 2009, without impact.

In February 2008, the FASB issued FSP FAS 157-2, "*Effective Date of FASB Statement No. 157*" ("FSP FAS 157-2"), which granted a one-year deferral of the effective date of SFAS No. 157 as it applies to non-financial assets and liabilities that are recognized or disclosed at fair value on a nonrecurring basis (e.g. those measured at fair value in a business combination and asset retirement obligations). Beginning January 1, 2009, we applied SFAS No. 157 to non-financial assets and liabilities.

The FASB issued SFAS No. 161, *Disclosures about Derivative Instruments and Hedging Activities,* ("SFAS No. 161") in March 2008. Under SFAS No. 161, companies are required to disclose the fair value of all derivative and hedging instruments and their gains or losses in tabular format and information about credit risk-related features in derivative agreements, counterparty credit risk, and its strategies and objectives for using derivative instruments. We adopted SFAS No. 161 beginning January 1, 2009, without impact based upon the absence of derivative instruments.

The *Emerging Issues Task Force* issued EITF No. 07-4, *"Application of the Two-Class Method under FASB Statement No. 128, Earnings per Share, to Master Limited Partnerships," ("EITF 07-4"),* in 2008. EITF 07-4 addresses how master limited partnerships should calculate earnings per unit using the two-class method described in SFAS No. 128, *"Earnings per Share"* and how current period earnings of a master limited partnership should be allocated among the general partner, limited partners, and other participating securities. We adopted EITF 07-4 on January 1, 2009, with prior periods retroactively presented. The implementation of EITF 07-4 was not material.

In May 2008, the FASB issued Staff Position APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"), which clarifies that convertible debt instruments that may be settled in cash upon conversion (including partial cash settlement) are not addressed by existing GAAP. In addition, FSP APB 14-1 indicates that issuers of such instruments should separately account for the liability and equity components in a manner reflecting the entity's nonconvertible debt borrowing rate when interest cost is recognized in periods after issuance. We adopted FSP APB 14-1 on January 1, 2009, without impact on KGS in current or prior periods.

The FASB issued FSP EITF 03-6-1, *"Determining Whether Instruments Granted in Share-Based Payments Transactions Are Participating Securities"* ("FSP EITF 03-6-1") in June 2008. Under FSP EITF 03-6-1, unvested share-based payment awards that contain nonforfeitable rights to dividends or dividend equivalents (whether paid or unpaid) are participating securities and shall be included in the computation of earnings per share pursuant to the two-class method. Our adoption of FSP EITF 03-6-1 on January 1, 2009 had no impact.

The FASB issued SFAS No. 165, *Subsequent Events*, ("SFAS No. 165") in May 2009 and the Statement became effective for us and we adopted it for the quarter ended June 30, 2009. SFAS No. 165 established general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued by public entities. It mirrors the existing guidance for subsequent events that was established by the AICPA.

Pronouncements Not Yet Implemented

The FASB issued SFAS No. 168, '*The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles"* ("SFAS No. 168") in July 2009. The codification provides a single source of authoritative GAAP in the United States, except for accounting rules promulgated by the SEC. It retains existing GAAP and will have no effect on our financial statements upon adoption, which will occur on September 30, 2009.

3. PARTNERS' CAPITAL AND DISTRIBUTIONS

The KGS Partnership Agreement requires that within 45 days after the end of each quarter, KGS distribute all of its "available cash" (as defined in the KGS Partnership Agreement) to unitholders of record on the applicable record date selected by the general partner.

The following table presents cash distributions for 2009 and 2008:

Payment Date	Attributable to the Quarter Ended	Per Unit Distribution[1]	Total Cash Distribution (In millions)
Pending Distributions			
August 14, 2009 [2]	June 30, 2009	$0.370	$9.1
Completed Distributions			
May 15, 2009 [2]	March 31, 2009	$0.370	$9.1
February 13, 2009 [2]	December 31, 2008	$0.370	$9.1
November 14, 2008 [3]	September 30, 2008	$0.350	$8.5
August 14, 2008 [3]	June 30, 2008	$0.350	$8.5
May 15, 2008	March 31, 2008	$0.315	$7.6

(1) Represents common and subordinated unitholders

(2) Total cash distribution includes an Incentive Distribution Rights amount of approximately $90,000 to the general partner

(3) Total cash distribution includes an Incentive Distribution Rights amount of approximately $20,000 to the general partner

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

	June 30, 2009	December 31, 2008
	(In thousands)	
Gathering and transportation systems	$ 203,113	$ 179,594
Processing plants	280,791	157,353
Construction in progress — plant	—	106,563
Construction in progress — pipeline	12,354	27,994
Rights-of-way and easements	44,074	39,473
Land	1,321	1,239
Buildings and other	2,372	1,836
	544,025	514,052
Accumulated depreciation	(36,563)	(25,932)
Net property, plant and equipment	$ 507,462	$ 488,120

5. RELATED-PARTY TRANSACTIONS

KGS routinely conducts business with Quicksilver and its affiliates. For a more complete description of our agreements with Quicksilver, see Note 2 and Note 11 to the consolidated financial statements in our 2008 Annual Report on Form 10-K.

During the quarter and six months ended June 30, 2009, Quicksilver accounted for more than 90% of our total revenue. All cash disbursements for our operations and maintenance expenses and general and administration expenses for the quarter and six months ended June 30, 2009 were paid to Quicksilver, which processes such amounts on our behalf.

In June 2009, KGS entered into an agreement with Quicksilver in which KGS waived its right to purchase midstream assets located in and around the Alliance Airport area in Tarrant County, Texas (the “Alliance Midstream Assets”). The agreement permitted Quicksilver to own and operate the Alliance Midstream Assets and granted KGS an option at fair market value and a right of first refusal to purchase the Alliance Midstream Assets and additional midstream assets located in Denton County, Texas. As of June 30, 2009, assets subject to this agreement have a recognized cost of approximately $53 million.

6. LONG-TERM DEBT

Long-term debt consisted of the following:

	June 30, 2009	December 31, 2008
	(In thousands)	
Credit Agreement	$195,900	$ 174,900
Subordinated Note to Quicksilver	54,742	53,646
	250,642	228,546
Current maturities of debt	(1,925)	(1,375)
Long-term debt	$248,717	$ 227,171

At June 30, 2009, the lenders' commitments under our credit agreement were $235 million and may be further increased to as much as $350 million with lender approval. Based on our results through June 30, 2009, our total borrowing capacity is $235 million. The weighted-average interest rate as of June 30, 2009 was 1.82%.

Note 6, *Long-Term Debt*, in the consolidated financial statements in our 2008 Annual Report on Form 10-K contains a more complete description of our indebtedness.

7. ASSET RETIREMENT OBLIGATIONS

As of June 30, 2009, no assets are legally restricted for use in settling asset retirement obligations. Activity for asset retirement obligations follows:

	Six Months Ended June 30, 2009
	(In thousands)
Beginning asset retirement obligations	$ 5,234
Additional liability incurred	3,486
Accretion expense	178
Ending asset retirement obligations	$ 8,898

8. COMMITMENTS AND CONTINGENT LIABILITIES

In February 2009, McGuffy Energy Services, L.P. ("McGuffy") filed a lawsuit against us and subsequently added Quicksilver as a party. McGuffy alleges, among other things, claims for breach of contract, fraud and negligent misrepresentation arising from a written agreement by which McGuffy was retained to provide certain engineering and construction services for KGS' Corvette Plant. McGuffy further seeks to foreclose on a $3.2 million lien that it filed on the Corvette Plant. KGS disputes the amounts claimed by McGuffy and asserts a number of defenses to McGuffy's claims, including that payments to McGuffy must be withheld as demanded by McGuffy's unpaid subcontractors. In March 2009, we filed a lawsuit against McGuffy seeking damages and declaratory relief for the disputes between KGS and McGuffy. The McGuffy subcontractors that made demands on KGS were also named as parties. Several of the subcontractor defendants have filed counterclaims against us seeking to foreclose on their purported liens. Through June 30, 2009 we have recognized $2.9 million of the disputed amounts as a part of the Corvette Plant construction costs. We intend to vigorously defend this matter and do not expect its outcome to have a material adverse effect on our financial condition or results of operation.

9. INCOME TAXES

No provision for federal income taxes related to KGS' results of operations is included in the accompanying unaudited condensed consolidated interim financial statements as such income is taxable directly to our unitholders.

Note 9, *Income Taxes*, in the consolidated financial statements in our 2008 Annual Report on Form 10-K contains more information about our income taxes.

10. EQUITY PLAN

Awards of phantom units have been granted under KGS' 2007 Equity Plan, which permits the issuance of up to 750,000 units. The following table summarizes information regarding the phantom unit activity:

	Payable in cash		Payable in units	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Unvested phantom units — January 1, 2009	60,319	$21.63	139,918	$25.15
Vested	(1,150)	13.76	(49,789)	25.25
Issued	920	13.40	405,428	10.06
Cancelled	(5,973)	21.36	(8,284)	17.03
Unvested phantom units — June 30, 2009	54,116	$21.68	487,273	$12.72

At January 1, 2009, KGS had total unvested compensation expense of $2.3 million related to phantom units. KGS recognized compensation expense of approximately $1.3 million during the six months ended June 30, 2009, including $0.2 million related to Quicksilver equity grants issued to employees seconded to KGS . Grants of phantom units during the six months ended June 30, 2009 had an estimated grant date fair value of $4.1 million. KGS has unearned compensation expense of $3.5 million at June 30, 2009 that will be recognized in expense through June 2011. Phantom units that vested during the six months ended June 30, 2009 had a fair value of $1.3 million on their vesting date.

On January 2, 2009, KGS awarded annual equity grants totaling 405,428 phantom units to the non-management directors, executive officers of KGS' general partner and employees seconded to KGS. Each phantom unit will settle in KGS units and had a grant date fair value of $10.06, which will be recognized over the vesting period of three years. At June 30, 2009, 212,901 units were available for issuance under the 2007 Equity Plan.

Note 10, *Equity Plan,* in the consolidated financial statements in our 2008 Annual Report on Form 10-K contains a more complete description of KGS' Equity Plan.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are a growth-oriented Delaware limited partnership engaged in gathering and processing natural gas produced from the Barnett Shale geologic formation of the Fort Worth Basin located in Texas. We began operations in 2004 to provide these services primarily to Quicksilver, the owner of our general partner, and to other natural gas producers in this area. During both the quarter and six months ended June 30, 2009, more than 90% of our total gathering volumes were comprised of natural gas owned or controlled by Quicksilver.

Our Operations

The results of our operations are significantly influenced by the volumes of natural gas gathered and processed through our systems. We gather and process natural gas pursuant to contracts under which we receive fees. We do not take title to the natural gas or associated NGLs that we gather and process, and therefore, we avoid direct commodity price exposure. However, a sustained decline in natural gas prices could result in reduced production volumes by our customers and a resulting decrease in our revenue. Our contracts provide relatively stable cash flows, but little upside in higher commodity price environments.

Operational Measurement

Our management uses a variety of financial and operational measures to analyze our performance. We view these measures as important factors affecting our profitability and unitholder value and we review them regularly to identify trends in our operations. These performance measures are outlined below:

Volume — We must continually obtain new supplies of natural gas to maintain or increase throughput volumes on our gathering and processing systems. We routinely monitor producer activity in the areas we serve to identify new supply opportunities. Our ability to achieve these objectives is impacted by:

- the level of successful drilling and production activity in areas where our systems are located;
- our ability to compete with other midstream companies for production volumes; and
- our pursuit of new opportunities where a limited number of midstream companies conduct business.

Adjusted Gross Margin — Adjusted gross margin information is presented as a supplemental disclosure because it is a key measure used by management to evaluate the relationship between our gathering and processing revenue and our cost of operating our facilities, including our general and administrative overhead. Adjusted gross margin is not a measure calculated in accordance with GAAP as it does not include deductions for expenses such as interest and income tax which are necessary to maintain our business. In measuring our operating performance, adjusted gross margin should not be considered an alternative to, or more meaningful than, net income or operating cash flow determined in accordance with GAAP. Our adjusted gross margin may not be comparable to a similarly titled measure of another company because other entities may not calculate adjusted gross margin in the same manner. A reconciliation of adjusted gross margin to amounts reported under GAAP is presented in "Results of Operations" below.

Operating Expenses — Operating expenses are a separate measure that we use to evaluate the performance of our operations. These expenses are comprised primarily of direct labor, insurance, property taxes, repair and maintenance expense, utilities and contract services, and are largely independent of the volumes through our systems, but may fluctuate depending on the scale of our operations during a specific period. Our ability to manage operating expenses has a significant impact on our profitability and cash available for distribution.

EBITDA — We believe that EBITDA is a widely accepted financial indicator of a company's operational performance and its ability to incur and service debt, fund capital expenditures and make distributions. EBITDA is not a measure calculated in accordance with GAAP, as it does not include deductions for items such as depreciation, interest and income taxes, which are necessary to maintain our business. EBITDA should not be considered an alternative to net income, operating cash flow or any other measure of financial performance presented in accordance with GAAP. EBITDA calculations may vary among entities, so our computation may not be comparable to EBITDA measures of other entities. In evaluating EBITDA, we believe that investors should also consider, among other things, the amount by which EBITDA exceeds interest costs, how EBITDA compares to principal payments on debt and how EBITDA compares to capital expenditures for each period. A reconciliation of EBITDA to amounts reported under GAAP is presented in "Results of Operations."

EBITDA is also used as a supplemental performance measure by our management and by external users of our financial statements such as investors, commercial banks, research analysts and others, to assess:

- financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- our operating performance as compared to those of other companies in the midstream industry without regard to financing methods, capital structure or historical cost basis; and
- the viability of acquisitions and capital expenditure projects and the rates of return on investment opportunities.

RESULTS OF OPERATIONS

Three Months Ended June 30, 2009 Compared with Three Months Ended June 30, 2008

The following discussion compares the results of operations for the three months ended June 30, 2009 to the three months ended June 30, 2008, which we refer to as the 2009 quarter and the 2008 quarter, respectively.

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008
	(In thousands, except volume data)	
Total revenues	$ 23,981	$ 18,205
Operations and maintenance expense	6,003	5,312
General and administrative expense	1,738	1,422
Adjusted gross margin	16,240	11,471
Other income	1	1
EBITDA	16,241	11,472
Depreciation and accretion expense	5,768	3,407
Interest expense	2,813	2,421
Income tax provision	248	38
Net income	$ 7,412	$ 5,606
Volume Data:		
Volumes gathered (MMcf)	20,263	17,127
Volumes processed (MMcf)	14,108	14,593

The following table summarizes our volumes:

	Gathering 2009	Gathering 2008	Processing 2009	Processing 2008
	(MMcf)			
Cowtown System	14,425	14,764	14,108	14,593
Lake Arlington Dry System	4,657	1,700	—	—
Hill County Dry System	1,181	663	—	—
Total	20,263	17,127	14,108	14,593

The following table summarizes the changes in our revenue:

	Gathering	Processing	Other	Total
	(In thousands)			
Revenue for the three months ended June 30, 2008	$ 8,832	$ 9,148	$ 225	$ 18,205
Volume changes	1,617	(304)	—	1,313
Price changes	4,312	151	—	4,463
Revenue for the three months ended June 30, 2009	$ 14,761	$ 8,995	$ 225	$ 23,981

Total Revenue and *Volumes* — Approximately $3.5 million of the increase in revenue is related to additional compression fees as a result of lower pressures on the Cowtown System and the Hill County Dry System where additional compression assets were placed into service during the current year. Additionally, $1.6 million of the increase in revenue was due to the increases in volumes that we gathered in the Fort Worth Basin. This increase was partially offset by lower processed volumes on the Cowtown System. The increase in gathered volumes is due to increased well connections related to the continued development of the Fort Worth Basin, particularly in the Lake Arlington area. For all of 2009, we expect daily volumes to remain relatively flat or slightly higher than we had in the 2009 quarter.

Operations and Maintenance Expense — The increase in operations and maintenance expense was mainly due to the continued expansion of our natural gas gathering systems. However, the increases in our 2009 quarter operations and maintenance expenses have been less significant than the increases in our throughput volumes and revenue. We expect operations and maintenance expenses to be relatively flat with the 2009 quarter for the remainder of 2009.

General and Administrative Expense — The increase in general and administrative expense results from our expanded operations and the increase in the allocable portion of Quicksilver's overhead costs, primarily related to safety and purchasing. General and administrative expense includes $0.4 million and $0.3 million of equity-based compensation for each of the quarters ended June 30, 2009 and 2008, respectively.

Adjusted Gross Margin and *EBITDA* — Adjusted gross margin and EBITDA increased primarily as a result of the increase in revenue described above. As a percentage of revenue, adjusted gross margin and EBITDA increased from 63% in the 2008 quarter to approximately 68% in the 2009 quarter, primarily due to the increase in revenue, which was partially offset by an increase in operations and maintenance expense associated with our current scale of operations and higher general and administrative expense.

Depreciation and Accretion Expense — Depreciation and accretion expense increased primarily as a result of the property, plant and equipment placed into service since June 30, 2008 expanding our gathering network and increasing our processing capability. The Corvette Plant being placed into service during the first quarter of 2009 contributed approximately $1.0 million to the increase in depreciation and accretion expense for the 2009 quarter.

Interest Expense — Interest expense increased primarily due to greater amounts outstanding under the revolving credit agreement, partially offset by lower effective interest rates.

The following table summarizes the details of interest expense for the three months ended June 30, 2009 and 2008:

	Three Months Ended June 30,	
	2009	**2008**
	(In thousands)	
Interest cost:		
Revolving credit facility	$ 1,119	$ 527
Repurchase obligation	1,192	1,494
Subordinated note to Quicksilver	502	692
Total cost	2,813	2,713
Less interest capitalized	—	(292)
Interest expense	$ 2,813	$ 2,421

Six Months Ended June 30, 2009 Compared with Six Months Ended June 30, 2008

The following discussion compares the results of operations for the six months ended June 30, 2009 to the six months ended June 30, 2008, which we refer to as the 2009 period and the 2008 period, respectively:

	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
	(In thousands, except volume data)	
Total revenues	$ 48,695	$ 33,390
Operations and maintenance expense	11,414	10,262
General and administrative expense	3,730	3,239
Adjusted gross margin	33,551	19,889
Other income	1	6
EBITDA	33,552	19,895
Depreciation and accretion expense	10,809	6,563
Interest expense	5,686	4,839
Income tax provision	211	3
Net income	$ 16,846	$ 8,490
Volume Data:		
Volumes gathered (MMcf)	44,049	31,678
Volumes processed (MMcf)	28,760	26,749

The following table summarizes our volumes:

	Gathering		Processing	
	2009	2008	2009	2008
	(MMcf)			
Cowtown System	29,532	27,329	28,760	26,749
Lake Arlington Dry System	10,935	3,024	—	—
Hill County Dry System	3,582	1,325	—	—
Total	44,049	31,678	28,760	26,749

The following table summarizes the changes in our revenue:

	Gathering	Processing	Other	Total
	(In thousands)			
Revenue for the six months ended June 30, 2008	$ 16,129	$ 16,811	$ 450	$ 33,390
Volume changes	6,299	1,264	—	7,563
Price changes	7,382	360	—	7,742
Revenue for the six months ended June 30, 2009	$ 29,810	$ 18,435	$ 450	$ 48,695

Total Revenue and *Volumes* — Approximately $7.6 million of the increase in revenue was due to the increases in volumes that we gathered and processed in the Fort Worth Basin. The increase in gathered volumes is due to increased well connections related to the continued development of the Fort Worth Basin, particularly in the Lake Arlington area. Additionally $6.2 million of the increase in revenue is related to additional compression fees as a result of lower field pressures on the Cowtown System and the Hill County Dry System where additional compression assets were placed into service during 2009. For all of 2009, we expect daily volumes to remain relatively flat or slightly lower than we had in the 2009 period.

Operations and Maintenance Expense — The increase in operations and maintenance expense was mainly due to the continued expansion of our natural gas gathering systems. However, the increases in our operations and maintenance expenses have been less significant than the increases in our throughput volumes and revenue. We expect operations and maintenance expenses to be relatively flat for the remainder of 2009.

General and Administrative Expense — The increase in general and administrative expense was primarily the result of our expanded operations and the increase in the allocable portion of Quicksilver's overhead costs, primarily related to safety and purchasing. General and administrative expense includes $0.9 million and $0.7 million of equity-based compensation for the six months ended June 30, 2009 and 2008, respectively.

Adjusted Gross Margin and *EBITDA* — Adjusted gross margin and EBITDA increased primarily as a result of the increase in revenue described above. As a percentage of revenue, adjusted gross margin and EBITDA increased from 60% in the 2008 period to approximately 69% in the 2009 period, primarily due to the increase in revenue, which was partially offset by an increase in operations and maintenance expense associated with our current scale of operations and higher general and administrative expense.

Depreciation and Accretion Expense — Depreciation and accretion expense increased primarily as a result of the property, plant and equipment placed into service since June 30, 2008 in expanding our gathering network and increasing our processing capability. The Corvette Plant being placed into service during the first quarter of 2009 contributed approximately $1.6 million to the increase in depreciation and accretion expense for the 2009 period.

Interest Expense — Interest expense increased primarily due to greater amounts outstanding under the revolving credit agreement, partially offset by lower effective interest rates.

The following table summarizes the details of interest expense for the six months ended June 30, 2009 and 2008:

	Six Months Ended June 30,	
	2009	**2008**
	(In thousands)	
Interest cost:		
Revolving credit facility	$ 2,325	$ 844
Repurchase obligation	2,575	2,927
Subordinated note to Quicksilver	1,096	1,489
Total cost	5,996	5,260
Less interest capitalized	(310)	(421)
Interest expense	$ 5,686	$ 4,839

Liquidity and Capital Resources

The volumes of natural gas gathered and processed through our systems are dependent upon the natural gas volumes produced by our customers, which may be affected by prevailing natural gas prices, the availability and cost of capital, the level of successful drilling activity and other factors beyond their control. Although Quicksilver has mitigated its near-term exposure to low prices through the use of derivative financial instruments covering portions of its expected 2009 and 2010 production, we cannot predict whether or when natural gas prices will increase or decrease. In addition, there continues to be uneasiness in the credit and financial markets. In response, Quicksilver and other customers have announced year-over-year reductions in their planned levels of capital expenditures and drilling activity for 2009. Quicksilver has continued to optimize its drilling program throughout the year which has resulted in reduced capital expenditures in the southern part of the Fort Worth Basin impacting gathering and processing volumes in the Cowtown System. If these conditions were to persist or worsen over a prolonged period of time, we could experience significant reductions in volumes through our systems and therefore reductions of revenue and cash flows. Our sources of liquidity include:

- cash generated from operations;
- borrowings under our revolving credit agreement; and
- future capital market transactions.

We believe that the cash generated from these sources will be sufficient to meet our expected $0.37 per unit quarterly cash distributions during 2009 and satisfy our short-term working capital and capital expenditure requirements.

Cash Flows

	Six Months Ended June 30,	
	2009	2008
	(In thousands)	
Net cash provided by operating activities	$ 33,287	$ 24,080
Net cash used in investing activities	(35,780)	(59,434)
Net cash provided by financing activities	2,772	34,836

Our cash flows are significantly influenced by Quicksilver's production in the Fort Worth Basin. As Quicksilver and others have developed the Fort Worth Basin, we have expanded our gathering and processing facilities to serve the additional volumes produced by such development.

Cash Flows Provided by Operating Activities — The increase in cash flows provided by operating activities resulted primarily from increased revenue and higher profitability associated with the natural gas gathered and processed through our systems, partially offset by the timing of cash due to or due from Quicksilver.

Cash Flows Used in Investing Activities — The decrease in cash flows used in investing activities resulted from the lower capital expenditures used to expand our gathering system and processing capabilities. For the six months ended June 30, 2009, we spent $12.5 million on gathering assets and $23.3 million on processing facilities, which included $22.1 million related to the Corvette Plant. The cash flows used in investing activities during the first six months of 2009 include the payment of $16.9 million that was incurred and accrued at December 31, 2008.

Cash Flows Provided by Financing Activities — Cash flows provided by financing activities in the first six months of 2009 consisted primarily of the net proceeds from borrowings under our credit agreement of $21.0 million used to expand our gathering system and processing facilities, partially offset by distributions of $18.2 million to our unitholders.

Information regarding historical and pending cash distributions is included in Note 3 to our condensed consolidated interim financial statements included in Item 1 of Part I of this quarterly report.

Capital Expenditures

The midstream energy business is capital intensive, requiring significant investment for the acquisition or development of new facilities, particularly in emerging production areas such as the Fort Worth Basin. We categorize our capital expenditures as either:

- expansion capital expenditures, which are made to construct additional assets, expand and upgrade existing systems, or acquire additional assets; or

- maintenance capital expenditures, which are made to replace partially or fully depreciated assets, to maintain the existing operating capacity of our assets and extend their useful lives, or to maintain existing system volumes and related cash flows.

We anticipate that we will continue to make capital expenditures to develop our gathering and processing network as Quicksilver continues to expand its development efforts in the Fort Worth Basin. Consequently, our ability to develop and maintain sources of funds to meet our capital requirements is critical to our ability to meet our growth objectives and to maintain our distribution levels.

During the six months ended June 30, 2009, we increased gross property, plant and equipment by $30.0 million, including expansion capital expenditures of approximately $13.9 million, $5.0 million in maintenance capital expenditures, $3.5 million in asset retirement cost and $7.6 million in capital expenditures related to assets subject to repurchase obligations. We expect remaining capital expenditures for 2009 to be approximately $19.0 million, excluding any expenditures to reacquire or develop assets subject to repurchase obligations.

Additionally, Quicksilver has the right to complete construction of the Hill County Dry System, which we are obligated to purchase from Quicksilver at fair market value. These assets are included in the repurchase obligation to Quicksilver with an aggregate amount of $65.0 million, including accrued interest. We have two years to repurchase the Hill County Dry System from the date we receive notice from Quicksilver that the system is complete and has commenced commercial service. Quicksilver expects to incur capital expenditures of approximately $4 million for the Hill County Dry System during the remainder of 2009.

We have the option to purchase certain laterals connected to the Cowtown Pipeline from Quicksilver at their original construction cost. Quicksilver provided us notice during April 2009 that assets with an original construction cost of $62.5 million were available for purchase. These assets are included in the repurchase obligation to Quicksilver with an aggregate amount of $68.4 million, including accrued interest. We have two years from the date of notice to exercise our repurchase option on these assets. We have not determined which assets we will exercise our repurchase option for or the exact timing for completing the repurchase.

We operate Quicksilver's midstream assets subject to repurchase for which we receive a fee of $75,000 per month.

We regularly review opportunities for both organic growth projects and acquisitions that will enhance our financial performance. Since we strive to distribute most of our available cash to our unitholders, we will depend on a combination of borrowings under our revolving credit agreement, operating cash flows and debt or equity offerings to finance any future growth capital expenditures or acquisitions.

Debt

Credit Agreement — At June 30, 2009, the lenders' commitments under our credit agreement were $235 million and may be further increased to as much as $350 million with lender approval. Based on our results through June 30, 2009, our total borrowing capacity is $235 million and our borrowings were $195.9 million. The weighted average interest rate as of June 30, 2009 was 1.82%.

At June 30, 2009, our revolving credit agreement required us to maintain a ratio of our consolidated trailing 12-month EBITDA (as defined in our credit agreement) to our net interest expense of not less than 2.5 to 1.0; and a ratio of total indebtedness to consolidated trailing 12-month EBITDA of not more than 4.5 to 1.0. Furthermore, this credit agreement contains various covenants that limit, among other things, our ability to:

- incur further indebtedness;
- grant liens;
- pay distributions; and
- engage in transactions with affiliates.

Our repurchase obligations to Quicksilver, our obligations to Quicksilver under the subordinated note described below, and the capitalized or non-cash interest thereon, are excluded for purposes of determining our covenant compliance.

Subordinated Note — The principal payment for the quarter ended June 30, 2009 was not permitted by the debt ratio requirements of the subordinated note. Interest expense of $1.1 million recognized during the six months ended June 30, 2009 was added to the outstanding principal amount. The interest rate at June 30, 2009 was 3.42%.

Note 6, *Long-Term Debt*, in the consolidated financial statements in our 2008 Annual Report on Form 10-K contains a more complete description of our indebtedness.

Repurchase Obligations to Quicksilver — The information regarding repurchase obligations to Quicksilver is included in Note 2 to our condensed consolidated interim financial statements included in Item 1 of Part I of this quarterly report.

Contractual Obligations and Commercial Commitments

There have been no significant changes to our contractual obligations and commercial commitments as disclosed in Item 7 in our 2008 Annual Report on Form 10-K.

Recently Issued Accounting Standards

The information regarding recent accounting pronouncements is included in Note 2 to our condensed consolidated interim financial statements included in Item 1 of Part I of this quarterly report.

Critical Accounting Estimates

Management's discussion and analysis of financial condition and results of operations are based on our condensed consolidated interim financial statements and related footnotes contained within Item 1 of Part I of this quarterly report. Our critical accounting estimates used in the preparation of the consolidated financial statements were discussed in our 2008 Annual Report on Form 10-K. These critical estimates, for which no significant changes have occurred in the six months ended June 30, 2009, include estimates and assumptions pertaining to:

- Depreciation expense and capitalization limits for property, plant and equipment;
- Repurchase obligations to Quicksilver;
- Asset retirement obligations; and
- Equity-based compensation.

The process of preparing financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are based upon what we believe is the best information available at the time of the estimates or assumptions. The estimates and assumptions could change materially as conditions within and beyond our control change. Accordingly, actual results could differ materially from those estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We have established policies and procedures for managing risk within our organization, including internal controls. The level of risk assumed by us is based on our objectives and capacity to manage risk.

Credit Risk

Our primary credit risk is that we are dependent on Quicksilver for the majority of our natural gas volumes and are consequently subject to the risk of nonpayment or late payment by Quicksilver for gathering and processing fees. Quicksilver's credit ratings are below investment grade, where we expect them to remain for the foreseeable future. Accordingly, this risk is higher than it might be with a more creditworthy contract counterparty or with a more diversified group of customers. Unless and until we significantly increase our customer base, we expect to continue to be subject to significant and non-diversified risk of nonpayment or late payment of our fees. Additionally, broad market factors such as lower credit availability, prompt us to perform frequent credit analyses of our customers. We have not had any customers fail to perform on their financial obligations to us.

Interest Rate Risk

As base interest rates remain low, the credit markets have caused the spreads charged by lenders to increase. As base rates or spreads increase, our financing costs will increase accordingly. Although this could limit our ability to raise funds in the capital markets, we expect that our competitors would face similar challenges with respect to funding acquisitions and capital projects.

We are exposed to variable interest rate risk as a result of borrowings under our revolving credit agreement and our subordinated note and repurchase obligations to Quicksilver.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report pursuant to Securities Exchange Act Rule 13a-15. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2009, our disclosure controls and procedures were effective to provide reasonable assurance that material information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting during the quarter ended June 30, 2009, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The information regarding Legal Proceedings which were filed on February 19, 2009 in the 335th Judicial District Court of Hood County, Texas and on March 3, 2009 in the 67th Judicial District Court of Tarrant County, Texas is included in Note 8 to our condensed consolidated interim financial statements included in Item 1 of Part I of this quarterly report. On May 19, 2009, the claims of all parties pertaining to the Corvette Plant were severed from the Tarrant County suit and transferred to the 335th Judicial District Court of Hood County, Texas.

Item 1A. Risk Factors

The following risk factors update the risk factors set forth in part I, Item IA, “Risk Factors” of our 2008 Annual Report on Form 10-K. You should carefully consider the following risk factors together with all of the other information included in this quarterly report and the other information that we file with the SEC, including the financial statements and related notes, when deciding to invest in us. Limited partner interests are inherently different from capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. You should be aware that the occurrence of any of the events described herein and elsewhere in this quarterly report could have a material adverse effect on our business, financial position, results of operations and cash flows. In that case, we may be unable to make distributions to our unitholders and the trading price of our common units could decline.

We are dependent on a single natural gas producer, Quicksilver, for a majority of our volumes. The loss of this customer would result in a material decline in our volumes, revenue and cash available for distribution.

We rely on Quicksilver for the majority of our natural gas throughput. During 2009, Quicksilver has accounted for more than 90% of our natural gas throughput. Accordingly, we are indirectly subject, to a significant degree, to the various risks to which Quicksilver is subject.

We may be unable to negotiate on favorable terms, if at all, any extension or replacement of our contract with Quicksilver to gather and process Quicksilver’s production from the Quicksilver Counties after the initial 10-year term of the contract. Furthermore, during the term of the contract and thereafter, even if we are able to renew this contract, Quicksilver may have decreased production volumes in the Quicksilver Counties. The loss of a significant portion of the natural gas volumes supplied by Quicksilver would result in a material decline in our revenue and cash available for distribution.

Quicksilver has no contractual obligation to develop its properties in the Quicksilver Counties and may determine in the future that drilling activity in other areas is strategically more attractive than in the Quicksilver Counties. A shift in Quicksilver’s focus away from the Quicksilver Counties could result in reduced volumes gathered and processed by us and a material decline in our revenue and cash available for distribution.

We may not have sufficient available cash to enable us to make cash distributions to holders of our common units and subordinated units at the current distribution rate under our cash distribution policy.

In order to maintain our current cash distributions of $0.37 per unit per quarter, or $1.48 per unit per year, we will require available cash of approximately $9.1 million per quarter, or $36.3 million per year. The amount of cash we can distribute depends principally upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on, among other things:

- the fees we charge and the margins we realize for our services;
- the level of production of, and the price of natural gas, NGLs, and condensate;
- the volume of natural gas and NGLs we gather and process;
- the level of competition from other midstream energy companies;
- the level of our operating cost structure; and
- prevailing economic conditions.

In addition, the actual amount of cash we have available for distribution will depend on other factors, some of which may be beyond our control, including:

- the level of capital expenditures we make;
- our ability to make borrowings under our revolving credit agreement;
- the cost of acquisitions;
- our debt service requirements;
- fluctuations in our working capital needs;
- our ability to access capital markets;
- compliance with our debt agreements; and
- the amount of cash reserves established by our general partner.

The amount of cash we have available for distribution to holders of our common units and subordinated units depends primarily on our cash flow and not solely on profitability.

The amount of cash we have available for distribution depends primarily upon our cash flow and not solely on profitability, which may be affected by non-cash items. As a result, we may make cash distributions during periods when we report net losses, and conversely, we might fail to make cash distributions during periods when we report net profits.

At the present level of outstanding units, we require $36.3 million of distributable cash flow annually to maintain the current level of distributions. We may not have sufficient available cash from operating surplus each quarter to enable us to make cash distributions at the current distribution rate under our cash distribution policy.

Estimates of oil and gas reserves depend on many assumptions that may be inaccurate and any material inaccuracies could materially reduce the production that we gather and process and consequently could adversely affect our financial performance and our ability to make cash distributions.

The reserve information for Quicksilver or any company represents only estimates based on reports prepared by petroleum engineers. Such estimates are calculated using oil and gas prices in effect on the dates indicated in the reports. Any significant price changes may have a material effect on the quantity and recoverability of reserves. Petroleum engineering is a complex and subjective process of estimating underground accumulations of oil and gas that cannot be measured in an exact manner. Estimates of economically recoverable oil and gas reserves and of future net cash flows depend upon a number of variable factors and assumptions, including:

- historical production from the area compared with production from other comparable producing areas;
- the assumed effects of regulations by governmental agencies;
- assumptions concerning future oil and gas prices; and
- assumptions concerning future operating costs, severance and excise taxes, development costs and workover and remedial costs.

Because all reserve estimates can be subjective, the number of wells that can be economically drilled, the quantities of oil and gas that are ultimately recovered and the timing of the recovery of oil and gas reserves may differ materially from those assumed in estimating reserves. Furthermore, different reserve engineers may interpret different results from the same available data. Actual production could vary materially from estimates of reserves, which could result in material reductions in the volumes we gather and process and consequently could adversely affect our revenue and cash available for distribution.

Because of the natural decline in production from existing wells in our area of operations, our success depends on our ability to obtain new sources of supplies of natural gas. Any decrease in supplies of natural gas could result in a material decline in the volumes we gather and process.

Our gathering systems are connected to wells whose production will naturally decline over time, which means that our cash flows associated with these wells will also decline over time. To maintain or increase throughput levels on our system, we must continually obtain new natural gas supplies. Our ability to obtain additional sources of natural gas depends in part on the level of successful drilling activity near our pipeline systems by Quicksilver and our ability to compete for volumes from third parties from their successful new wells.

We have no control over the level of drilling activity in our area of operations, the amount of reserves associated with the wells drilled or the rate at which production from a well will decline. In addition, we have no control over producers' drilling or production decisions, which are affected by, among other things, prevailing and projected energy prices, demand for hydrocarbons, the level of reserves, geological considerations, governmental regulations, availability of drilling rigs and other production and development services and the availability and cost of capital. Fluctuations in energy prices can greatly affect investments to

develop new natural gas reserves. Recently announced decreases in drilling and capital investments in the Fort Worth Basin will decrease expected 2009 production activity. Drilling activity generally decreases as natural gas prices decrease. Declines in natural gas prices have caused a negative impact on exploration, development and production activity. Reductions in exploration or production activity in our area of operations could lead to reduced utilization of our system. Because of these factors, even if new natural gas reserves are known to exist in areas served by our assets, producers may choose not to develop those reserves. Moreover, Quicksilver is not contractually obligated to develop the reserves it has dedicated to us in the Quicksilver Counties. If reductions in drilling activity or competition result in our inability to obtain new sources of supply to replace the natural decline of volumes from existing wells, throughput on our system would decline, which could reduce our revenue and cash available for distribution.

Our construction of new assets may not result in revenue increases and is subject to regulatory, environmental, political, legal and economic risks, which could adversely affect our cash flows, results of operations and financial condition.

One of the ways we intend to grow our business is through the construction of new midstream assets. Additions or modifications to our asset base involve numerous regulatory, environmental, political and legal uncertainties beyond our control and may require the expenditure of significant amounts of capital. If we undertake these projects, they may not be completed on schedule, at the budgeted cost, or at all. Moreover, our revenue may not increase as anticipated for a particular project. For instance, we may construct facilities to capture anticipated future growth in production in a region in which such growth does not materialize. We do not have access to estimates of potential non-Quicksilver reserves in an area prior to constructing or acquiring facilities in such area. To the extent we rely on estimates of future production by parties other than Quicksilver in our decision to expand our systems, such estimates may prove to be inaccurate due to numerous uncertainties inherent in estimating quantities of future production. As a result, new facilities may not be able to attract enough throughput to achieve our expected investment return, which could adversely affect our results of operations and financial condition. In addition, expansion of our asset base generally requires us to obtain new rights-of-way. We may be unable to obtain such rights-of-way or it may become more expensive for us to obtain or renew rights-of-way. If the cost of rights-of-way increases, our cash flows could be adversely affected.

If we do not make acquisitions on economically acceptable terms, our future growth will be limited.

In addition to expanding our existing systems, we may pursue acquisitions that would increase the cash generated by operations. If we are unable to make these acquisitions because we are: (1) unable to identify attractive acquisition candidates, to analyze acquisition opportunities successfully from an operational and financial point of view or to negotiate acceptable purchase contracts with them; (2) unable to obtain financing for these acquisitions on economically acceptable terms; or (3) outbid by competitors, then our future growth and ability to increase distributions could be limited. Furthermore, even if we do make acquisitions that we believe will be accretive, these acquisitions may nevertheless result in a decrease in the cash generated by operations.

Any acquisition involves potential risks, including, among other things:

- mistaken assumptions about volumes, revenue and costs, including synergies;
- an inability to integrate successfully the businesses we acquire;
- the assumption of unknown liabilities;
- limitations on rights to indemnity from the seller;
- mistaken assumptions about the overall costs of equity or debt;
- the diversion of management’s and employees’ attention from other business matters;
- unforeseen difficulties operating in new product areas, with new customers, or new geographic areas; and
- customer or key employee losses at the acquired businesses.

We depend on our midstream assets to generate our revenue, and if the utilization of these assets were reduced significantly, there could be a material adverse effect on our revenue, earnings, and ability to make distributions to our unitholders.

Operations at our midstream assets could be partially curtailed or completely shut down, temporarily or permanently, as a result of:

- operational problems, labor difficulties or environmental proceedings or other litigation that compel curtailing of all or a portion of the operations;
- catastrophic events at our facilities or at downstream facilities owned by others;
- an inability to obtain sufficient quantities of natural gas; or

- prolonged reductions in exploration or production activity by producers in the areas in which we operate.

The magnitude of the effect on us of any curtailment of operations will depend on the length of the curtailment and the extent of the operations affected by such curtailment. We have no control over many of the factors that may lead to a curtailment of operations.

In the event that we are unable to provide either gathering or processing services, Quicksilver may use others to gather or process its production as it so determines. In the event that we are unable to provide either gathering or processing services for 60 consecutive days, for reasons other than force majeure, causing Quicksilver's wells to be shut-in (in the case of gathering) or resulting in Quicksilver's inability to by-pass our gathering or processing facilities and deliver its natural gas production to an alternative pipeline (in the case of processing), Quicksilver has the right to terminate our gathering and processing agreement as it relates to the affected gas. In light of our asset concentration, if such a termination were to occur, it could cause our revenue, earnings and cash distributions to our unitholders, to decrease significantly.

Pipelines and facilities interconnected to our natural gas and NGL pipelines and facilities could become unavailable to transport natural gas and NGLs, and our revenue and cash available for distribution could be adversely affected.

We depend upon pipelines and other facilities owned by others to provide delivery options from our pipelines and facilities for our customers' benefit. Since we do not own or operate these assets, their continuing operation is not within our control. If any of these pipelines and other facilities become unavailable to transport natural gas and NGLs, our revenue and cash available for distribution could be adversely affected.

A change in the jurisdictional characterization of some of our assets by federal, state or local regulatory agencies or a change in policy by those agencies may result in increased regulation of our assets, which may cause our revenue to decline and operating expenses to increase.

Our natural gas gathering and intrastate transportation operations are generally exempt from FERC regulation, but FERC regulation still affects these businesses and the markets for products derived from these businesses. FERC's policies and practices across the range of its oil and natural gas regulatory activities, including, for example, its policies on open access transportation, ratemaking, capacity release and market center promotion, indirectly affect intrastate markets. In recent years, FERC has pursued pro-competitive policies in its regulation of interstate oil and natural gas pipelines. However, we have no assurance that FERC will continue this approach as it considers matters such as pipeline rates and rules and policies that may affect rights of access to oil and natural gas transportation capacity. In addition, the distinction between FERC-regulated transmission services and federally unregulated gathering services has regularly been the subject of litigation, so, the classification and regulation of some of our gathering facilities and intrastate transportation pipelines could change based on future determinations by FERC and the courts. If our gas gathering and processing agreement with Quicksilver, or our performance under that agreement, becomes subject to FERC jurisdiction, the agreement may be terminated.

State and local regulations also affect our business. Common purchaser statutes generally require gatherers to purchase without undue discrimination as to source of supply or producer. These statutes restrict our right to decide whose production we gather or transport. Federal law leaves any economic regulation of natural gas gathering to the states. Texas, the only state in which we currently operate, has adopted complaint-based regulation of gathering activities, which allows oil and natural gas producers and shippers to file complaints with state regulators in an effort to resolve access and rate grievances. Other state and local regulations may not directly regulate our business, but may nonetheless affect the availability of natural gas for purchase, processing and sale, including state regulation of production rates and maximum daily production allowable from gas wells. While our gathering lines currently are subject to limited state regulation, there is a risk that state laws will be changed, which may give producers a stronger basis to challenge the rates, terms and conditions of our gathering lines.

We are subject to environmental laws and regulations that may expose us to significant costs and liabilities.

Our operations are subject to stringent and complex federal, state and local environmental laws and regulations. We may incur substantial costs to conduct our operations in compliance with these laws and regulations. Moreover, new or stricter environmental laws, regulations or enforcement policies could be implemented that significantly increase our compliance or remediation costs. For example, uncertainty exists with respect to the regulation of hydraulic fracturing. Legislation has been introduced in the United States Congress that would subject hydraulic fracturing to regulation under the Safe Drinking Water Act, and certain states are also evaluating whether additional regulation of hydraulic fracturing is appropriate. To the extent further regulation of hydraulic fracturing affects the volume of natural gas or associated NGLs that we gather and process, such regulation could have an adverse effect on our business. Greenhouse gas regulation is also the subject of significant uncertainty. In addition to various

other federal, regional, state and local greenhouse gas legislation and regulations that are currently in effect or under development, the United States Congress is currently considering legislation that would significantly curtail national greenhouse gas emissions. The United States Environmental Protection Agency has also taken steps to declare that certain greenhouse gas emissions are contributing to air pollution which is an endangerment to human health, and may regulate greenhouse gas emissions under the federal Clean Air Act.

Failure to comply with environmental laws and regulations or the permits issued under them may result in the assessment of administrative, civil, and criminal penalties, the imposition of remedial obligations and the issuance of injunctions limiting our operations. In addition, strict joint and several liabilities may be imposed under environmental laws, which could cause us to become liable for the conduct of others or for consequences of our own actions that did comply at the time those actions were taken. Private parties may also have the right to pursue legal actions against us to enforce compliance, as well as to seek damages for non-compliance, with environmental laws and regulations or for personal injury or property damage that may result from environmental and other impacts of our operations. We may not be able to recover some or any of these costs through insurance or increased revenue, which may materially reduce our earnings and have a material adverse effect on our ability to make cash distributions.

We may incur significant costs and liabilities as a result of pipeline integrity management program testing and any related pipeline repair or preventative or remedial measures.

The DOT requires pipeline operators to develop integrity management programs for transportation pipelines located where a leak or rupture could harm “high consequence areas.” The regulations require operators to:

- perform ongoing assessments of pipeline integrity;
- identify and characterize applicable threats to pipeline segments that could impact a high consequence area;
- maintain processes for data collection, integration and analysis;
- repair and remediate pipelines as necessary; and
- implement preventive and mitigating actions.

We currently estimate that we will incur costs of approximately $1.7 million through 2011 to perform the testing required by existing DOT regulations. This estimate does not include the costs, if any, for repair, remediation, preventative or mitigating actions that may be determined to be necessary as a result of the testing program, which could be substantial.

We will be required to make substantial capital expenditures to increase our asset base. If we are unable to obtain needed capital or financing on satisfactory terms, our ability to make cash distributions may be diminished or our financial leverage could increase.

In order to increase our asset base, we will need to make expansion capital expenditures. If we do not make sufficient or effective expansion capital expenditures, we may be unable to expand our business operations or increase our future cash distributions. To fund our expansion capital expenditures, we will be required to use cash from our operations, incur borrowings or sell additional common units or other securities. Such uses of cash from operations will reduce cash otherwise available for distribution to our unitholders. Our ability to obtain bank financing or to access the capital markets for future equity or debt offerings may be limited by our financial condition or general economic conditions at the time of any such financing or offering. Even if we are successful in obtaining the necessary funds, the terms of such financings could adversely impact our ability to pay distributions to our unitholders. Further, incurring additional debt may significantly increase our interest expense and financial leverage and issuing additional limited partner interests may result in significant unitholder dilution and would increase the aggregate amount of cash required to maintain the cash distribution rate, which could materially decrease our ability to pay distributions.

We do not own all of the land on which our pipelines and facilities are located, which could disrupt our operations.

We do not own all of the land on which our pipelines and facilities have been constructed, which subjects us to the possibility of more onerous terms or increased costs to maintain valid rights-of-way. We obtain standard easement rights to construct and operate our pipelines on land owned by third parties. Our rights generally revert back to the landowner after we stop using the easement for its specified purpose. Therefore, these easements exist for varying periods of time. Our loss of easement rights could have a material adverse effect on our ability to operate our business, thereby resulting in a material reduction in our revenue, earnings and ability to make cash distributions.

Our business involves many hazards and operational risks, some of which may not be fully covered by insurance. The occurrence of a significant accident or other event that is not fully insured could curtail our operations and have a material adverse effect on our cash flows and, accordingly, the market price for our common units.

Our operations are subject to many risks inherent in the midstream business including:

- damage to pipelines and plants, related equipment and surrounding properties caused by natural disasters and acts of terrorism;
- inadvertent damage from construction, farm and utility equipment;
- leaks or losses of natural gas or NGLs as a result of the malfunction of equipment or facilities;
- fires and explosions; and
- other hazards that could also result in personal injury, loss of life, pollution or suspension of operations.

These risks could result in curtailment or suspension of our related operations.

We are not fully insured against all risks inherent to our business. For example, we do not have any property insurance on any of our underground pipeline systems that would cover damage to the pipelines. We are not insured against all environmental incidents that might occur which may include certain types of toxic tort claims. Any significant accident or event that is not fully insured could adversely affect our earnings and cash distributions. In addition, we may not be able to economically obtain or maintain insurance of the type and amount we desire. As a result of market conditions, premiums and deductibles for certain of our insurance policies could escalate further. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. Any type of catastrophic event could have a material adverse effect on our ability to distribute cash to our unitholders.

The provisions of our revolving credit agreement and the risks associated with our debt could adversely affect our business, financial condition, results of operations, ability to make distributions to unitholders and value of our units.

Our revolving credit agreement restricts our ability to, among other things:

- incur additional debt;
- make distributions on or redeem or repurchase units;
- make certain investments and acquisitions;
- incur or permit certain liens to exist;
- enter into certain types of transactions with affiliates;
- merge, consolidate or amalgamate with another company; and
- transfer or otherwise dispose of assets.

The provisions of our revolving credit agreement may affect our ability to obtain future financing and pursue attractive business opportunities and our flexibility in planning for, and reacting to, changes in business conditions. In addition, a failure to comply with the provisions of our revolving credit agreement could result in an event of default which could enable our lenders, subject to the terms and conditions of the revolving credit agreement, to declare the outstanding principal of that debt, together with accrued interest, to be immediately due and payable. If we were unable to repay the accelerated amounts, our lenders could proceed against the collateral granted to them to secure such debt. If the payment of our debt is accelerated, our assets may be insufficient to repay such debt in full, and the holders of our units could experience a partial or total loss of their investment.

We are exposed to the credit risks of Quicksilver, and any material nonpayment by Quicksilver could reduce our ability to make distributions to our unitholders.

We are dependent on Quicksilver for the preponderance of the volumes that we gather and process, and are consequently subject to the risk of nonpayment or late payment by Quicksilver. Quicksilver's credit ratings are below investment grade, where we expect them to remain for the foreseeable future. Accordingly, this risk is higher than it would be with a more creditworthy counterparty or with a more diversified group of customers, and unless and until we significantly increase our customer base, we expect to remain subject to significant and non-diversified risk of nonpayment or late payment of our fees. Any material nonpayment or nonperformance by Quicksilver could reduce our ability to make distributions to our unitholders. Furthermore, Quicksilver is highly leveraged and subject to its own operating and regulatory risks, which could increase the risk that it may default on its obligations to us.

The loss of key personnel could adversely affect our ability to operate.

We depend on the leadership, involvement and services of a relatively small group of Quicksilver's key management personnel. The loss of the services of any of these individuals could adversely affect our ability to operate our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
10.1	Option, Right of First Refusal, and Waiver in Amendment to Omnibus Agreement and Gas Gathering and Processing Agreement, dated as of June 9, 2009, among Quicksilver Resources Inc., Quicksilver Gas Services LP, Quicksilver Gas Services GP LLC, Cowtown Pipeline Partners L.P. and Cowtown Gas Processing Partners L.P. (filed as Exhibit 10.1 to the Company's Form 8-K filed June 11, 2009 and included herein by reference).
*31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
*32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith

SIGNATURES

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 thereunto duly authorized.

Dated: August 10, 2009

QUICKSILVER GAS SERVICES LP

By: QUICKSILVER GAS SERVICES GP LLC,
its General Partner

By: /s/ Thomas F. Darden
Thomas F. Darden
President and Chief Executive Officer

By: /s/ Philip Cook
Philip Cook
Senior Vice President — Chief Financial Officer

EXHIBIT INDEX

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* Filed herewith

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Exhibit 31.1

CERTIFICATION

I, Thomas F. Darden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Quicksilver Gas Services LP;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2009

/s/ Thomas F. Darden
Thomas F. Darden
President and Chief Executive Officer

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Exhibit 31.2

CERTIFICATION

I, Philip Cook, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Quicksilver Gas Services LP;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 10, 2009

/s/ Philip Cook
Philip Cook
Senior Vice President — Chief Financial Officer

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Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the Quarterly Report on Form 10-Q of Quicksilver Gas Services LP (the "Registrant") for the quarter ended June 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Philip Cook, Senior Vice President — Chief Financial Officer of Quicksilver Gas Services GP LLC, the general partner of the Registrant, and Thomas F. Darden, President and Chief Executive Officer of Quicksilver Gas Services GP LLC, the general partner of the Registrant, each certifies that, to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant as of the dates and for the periods expressed in the Report.

Date: August 10, 2009

By: /s/ Philip Cook
Philip Cook
Senior Vice President — Chief Financial Officer

By: /s/ Thomas F. Darden
Thomas F. Darden
President and Chief Executive Officer