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

FORM 10-Q

[ü] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2007

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: 1-33266

DUNCAN ENERGY PARTNERS L.P.
(Exact name of Registrant as Specified in Its Charter)

Delaware	**20-5639997**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

1100 Louisiana, 10th Floor
Houston, Texas 77002
(Address of Principal Executive Offices, Including Zip Code)

(713) 381-6500
(Registrant’s Telephone Number, Including Area Code)

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 o No ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o Accelerated filer o Non-accelerated filer ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No ☑

There were 20,301,571 common units of Duncan Energy Partners L.P. (“Duncan Energy Partners”) outstanding at May 1, 2007. These common units trade on the New York Stock Exchange under the ticker symbol “DEP.”

DUNCAN ENERGY PARTNERS L.P.
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Amended Limited Liability Company Agreement
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Certification Pursuant to Section 1350
Certification Pursuant to Section 1350

PART I. FINANCIAL INFORMATION.

Item 1. ***Financial Statements*****.**

DUNCAN ENERGY PARTNERS L.P.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(See Note 1 for Basis of Financial Statement Presentation)
(Dollars in thousands)

	March 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,097	$ —
Accounts receivable — trade, net of allowance for doubtful accounts of $54 at March 31, 2007 and $402 at December 31, 2006	65,935	71,776
Accounts receivable — related parties	12,243	—
Inventories	7,259	13,538
Prepaid and other current assets	1,183	792
Total current assets	90,717	86,106
Property, plant and equipment, net	762,309	707,649
Investments in and advances to unconsolidated affiliate	3,514	3,391
Intangible assets, net of accumulated amortization of $1,219 at March 31, 2007 and $1,161 at December 31, 2006	6,908	6,966
Deferred tax asset	21	—
Other assets	362	—
Total assets	$863,831	$ 804,112
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable — trade	$ 22,802	$ 702
Accounts payable — related parties	22,393	—
Accrued gas payables	57,473	62,571
Accrued costs and expenses	58	5,093
Accrued interest	107	—
Other current liabilities	6,027	9,263
Total current liabilities	108,860	77,629
Long-term debt (see Note 8)	169,000	—
Other long-term liabilities	713	686
Parent interest in subsidiaries (see Note 9)	259,303	—
Commitments and contingencies		
Partners' equity:		
Limited partners (20,301,571 common units outstanding at March 31, 2007)	325,305	—
General partner	683	—
Accumulated other comprehensive income	(33)	—
Owners' net investment — predecessor	—	725,797
Total partners' equity	325,955	725,797
Total liabilities and partners' equity	$863,831	$ 804,112

See Notes to Unaudited Condensed Consolidated Financial Statements

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DUNCAN ENERGY PARTNERS L.P.
UNAUDITED CONDENSED STATEMENTS OF CONSOLIDATED OPERATIONS
AND COMPREHENSIVE INCOME
(See Note 1 for Basis of Financial Statement Presentation)
(Dollars in thousands, except per unit amounts)

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For the Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
Revenues:			
Third parties	$ 91,494	$ 42,657	$ 178,858
Related parties	42,380	24,017	103,584
Total (see Note 11)	133,874	66,674	282,442
Costs and expenses:			
Operating costs and expenses:			
Third parties	120,078	58,038	256,989
Related parties	4,353	3,149	13,195
Total operating costs and expenses	124,431	61,187	270,184
General and administrative costs:			
Third parties	133	22	23
Related parties	224	455	753
Total general and administrative costs	357	477	776
Total costs and expenses	124,788	61,664	270,960
Equity in income of unconsolidated affiliate	46	25	154
Operating income	9,132	5,035	11,636
Other income (expense):			
Interest expense	(1,131)	—	—
Interest income	144	—	—
Other, net	—	—	4
Other expense	(987)	—	4
Income before provision for income taxes, parent interest in the income of subsidiaries and the cumulative effect of a change in accounting principle	8,145	5,035	11,640
Provision for income taxes	(173)	—	—
Income before parent interest in income of subsidiaries and the cumulative effect of a change in accounting principle	7,972	5,035	11,640
Parent interest in income of subsidiaries	(4,049)	—	—
Income before the cumulative effect of a change in accounting principle	3,923	5,035	11,640
Cumulative effect of a change in accounting principle (see Note 2)	—	—	9
Net income	3,923	5,035	11,649
Change in fair value of commodity financial instruments	(33)	—	(72)
Comprehensive income	$ 3,890	$ 5,035	$ 11,577
Net income allocation: (see Note 13)			
Limited partners' interest in net income	$ 3,845		
General partner interest in net income	$ 78		
Earnings per unit: (see Note 13)			
Basic and diluted income per unit	$ 0.19		

See Notes to Unaudited Condensed Consolidated Financial Statements

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DUNCAN ENERGY PARTNERS L.P.
UNAUDITED CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS
(See Note 1 for Basis of Financial Statement Presentation)
(Dollars in thousands)

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For the Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
Operating activities:			
Net income	$ 3,923	$ 5,035	$ 11,649
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation, amortization and accretion in operating costs and expenses	4,515	2,209	4,841
Amortization in interest expense	21	—	—
Equity in income of unconsolidated affiliate	(46)	(25)	(154)
Cumulative effect of a change in accounting principle	—	—	(9)
Parent interest in income of subsidiaries	4,049	—	—
Gain on sale of assets	(2)	—	(7)
Deferred income tax expense	(21)	—	—
Changes in fair market value of financial instruments	(2)	—	(53)
Net effect of changes in operating accounts (see Note 15)	36,259	(10,754)	(13,077)
Net cash flows provided by (used in) operating activities	48,696	(3,535)	3,190
Investing activities:			
Capital expenditures	(48,480)	(5,348)	(14,362)
Contributions in aid of construction costs	154	349	14
Proceeds from sale of assets	2	—	7
Advances to unconsolidated affiliate	(51)	—	(56)
Cash used in investing activities	(48,375)	(4,999)	(14,397)
Financing activities:			
Borrowings under debt agreements	200,000	—	—
Repayments of debt	(31,000)	—	—
Debt issuance costs	(510)	—	—
Distributions paid to Parent at IPO	(459,551)	—	—
Net contributions from Parent to subsidiaries	2,962	—	—
Net cash contributions from and distributions to owners — predecessor (see Note 2)		8,534	11,207
Net proceeds from issuance of common units	291,872	—	—
Cash provided by financing activities	3,773	8,534	11,207
Net change in cash and cash equivalents	4,094	—	—
Cash and cash equivalents, beginning of period	3	—	—
Cash and cash equivalents, end of period (see Note 2)	$ 4,097	$ —	$ —

See Notes to Unaudited Condensed Consolidated Financial Statements

DUNCAN ENERGY PARTNERS L.P.
UNAUDITED CONDENSED STATEMENT OF CONSOLIDATED PARTNERS' EQUITY
(See Note 1 for Basis of Financial Statement Presentation and Note 10 for Unit History)
(Dollars in thousands)

	Duncan Energy Partners Predecessor	Duncan Energy Partners			
	Owners' Net Investment	Limited Partner Interests	General Partner	AOCI	Total
Balance, December 31, 2006	$ 725,797				$ 725,797
Net income — January 1, 2007 to January 31, 2007	5,035				5,035
Net cash contribution from owners	8,534				8,534
Non-cash contribution from owners	6				6
Balance, January 31, 2007	739,372				739,372
Adjustment for Predecessor liabilities not transferred to Duncan Energy Partners	2,664				2,664
Retention by Parent of 34% ownership interest in certain operating subsidiaries	(252,292)				(252,292)
Allocation of Predecessor equity to Parent in exchange for 5,351,571 common units of Duncan Energy Partners and general partner interest	(489,744)	$ 479,948	$ 9,796		—
Net proceeds from issuance of 14,950,000 common units to public at initial public offering	—	291,872	—		291,872
Cash distribution to Parent at time of initial public offering	—	(450,360)	(9,191)		(459,551)
Balance after completion of initial public offering and related transactions	—	321,460	605		322,065
Net income — February 1, 2007 to March 31, 2007	—	3,845	78		3,923
Change in fair value of commodity financial instruments - February 1, 2007 to March 31, 2007	—	—	—	$ (33)	(33)
Balance, March 31, 2007	$ —	$ 325,305	$ 683	$ (33)	$ 325,955

See Notes to Unaudited Condensed Consolidated Financial Statements

DUNCAN ENERGY PARTNERS L.P.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Background and Basis of Financial Statement Presentation

Significant Relationships Referenced in these Notes

Duncan Energy Partners L.P. did not own any assets prior to February 5, 2007, which was the date it completed its initial public offering of common units. The business and operations of Duncan Energy Partners L.P. prior to February 5, 2007 are referred to as "Duncan Energy Partners Predecessor" or "Predecessor." Unless the context requires otherwise, references to "we," "us," "our," "the Partnership" or "Duncan Energy Partners" are intended to mean the business and operations of Duncan Energy Partners L.P. and its consolidated subsidiaries since February 5, 2007. When used in a historical context (i.e. prior to February 5, 2007), these terms are intended to mean the combined business and operations of Duncan Energy Partners Predecessor. For financial reporting purposes, the effective date of the closing of our initial public offering and related transactions was February 1, 2007.

References to "DEP GP" mean DEP Holdings, LLC, which is our general partner.

References to "DEP Operating Partnership" mean DEP Operating Partnership, L.P., which is a wholly owned subsidiary of Duncan Energy Partners that conducts substantially all of its business.

References to "Enterprise Products Partners" mean Enterprise Products Partners L.P., which owns 100% of Enterprise Products Operating L.P.

References to "EPOLP" mean Enterprise Products Operating L.P., which is our Parent, and its consolidated subsidiaries. EPOLP has a controlling interest in the Partnership's general partner and is a significant owner of the Partnership's common units.

References to "Enterprise Products GP" mean Enterprise Products GP, LLC, the general partner of Enterprise Products Partners.

References to "Enterprise GP Holdings" mean Enterprise GP Holdings L.P., which owns Enterprise Products GP.

References to "EPE Holdings" mean EPE Holdings, LLC, which is the general partner of Enterprise GP Holdings.

References to "TEPPCO" mean TEPPCO Partners, L.P.; a publicly traded Delaware limited partnership, which is an affiliate of us.

References to "TEPPCO GP" mean Texas Eastern Products Pipeline Company, LLC, which is the general partner of TEPPCO and owned by a private company subsidiary of EPCO, Inc.

References to "EPCO" mean EPCO, Inc., which is a related party affiliate to all of the foregoing named entities.

All of the aforementioned entities are affiliates and under common control of Dan L. Duncan, the Chairman and controlling shareholder of EPCO.

Basis of Financial Statement Presentation

Our results of operations since the completion of our initial public offering are not necessarily indicative of results expected for the full year.

Except per unit amounts, or as noted within the context of each footnote disclosure, dollar amounts presented in the tabular data within these footnote disclosures are stated in thousands of dollars.

The financial information and related notes included under this Item 1 that pertain to periods prior to our initial public offering reflect the assets, liabilities and operations contributed to us by EPOLP at the closing of our initial public offering on February 5, 2007. We refer to these historical assets, liabilities and operations as the assets, liabilities and operations of Duncan Energy Partners Predecessor. We have elected February 1, 2007 as the effective closing date for financial accounting and reporting purposes with respect to Duncan Energy Partners Predecessor.

The financial information of Duncan Energy Partners Predecessor reflects EPOLP's historical ownership of these assets, liabilities and operations. The principal business entities included in the historical combined financial statements of Duncan Energy Partners Predecessor are (on a 100% basis): (i) Mont Belvieu Caverns, LLC ("Mont Belvieu Caverns"), a Delaware limited liability company; (ii) Acadian Gas, LLC ("Acadian Gas"), a Delaware limited liability company; (iii) Enterprise Lou-Tex Propylene Pipeline L.P. ("Lou-Tex Propylene"), a Delaware limited partnership, including its general partner; (iv) Sabine Propylene Pipeline L.P. ("Sabine Propylene"), a Delaware limited partnership, including its general partner; and (v) South Texas NGL Pipelines, LLC ("South Texas NGL"), a Delaware limited liability company. EPOLP contributed a 66% equity interest in each of these five entities to us on February 5, 2007. EPOLP retained the remaining 34% equity interests in each of these subsidiaries.

We have presented our results of operations following the completion of our initial public offering separately from those pertaining to Duncan Energy Partners Predecessor. We acquired substantially all of the assets and operations of the Predecessor that are included in our consolidated financial statements. There are a number of agreements and other items that went into effect at the time of our initial public offering that affect the comparability of our current operating results with the historical operating results of Duncan Energy Partners Predecessor. These differences include:

- the fees we charge EPOLP for underground storage services at the facility owned by Mont Belvieu Caverns increased as a result of new agreements executed in connection with our initial public offering;
- all storage well measurement gains and losses relating to Mont Belvieu Caverns' facility are now retained by EPOLP;
- Mont Belvieu Caverns now makes a special allocation of operational measurement gains and losses to EPOLP; and
- the transportation revenues recorded by Lou-Tex Propylene and Sabine Propylene decreased after our initial public offering due to the assignment of certain exchange agreements to us by EPOLP.

In our opinion, the accompanying Unaudited Condensed Consolidated Financial Statements include all adjustments consisting of normal recurring accruals necessary for fair presentation. Although we believe the disclosures in these financial statements are adequate to make the information presented not misleading, certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") have been condensed or omitted pursuant to the rules and regulations of the U.S. Securities and Exchange Commission ("SEC.") These Unaudited Condensed Consolidated Financial Statements should be read in conjunction with our annual report on Form 10-K for the year ended December 31, 2006 (Commission File No. 1-33266).

Overview of Business

Duncan Energy Partners is a publicly traded Delaware limited partnership, the common units of which are listed on the New York Stock Exchange ("NYSE") under the ticker symbol "DEP." The Partnership was formed by Enterprise Products Partners in September 2006 to acquire, own and operate a diversified portfolio of midstream energy assets. We are owned 98% by our limited partners and 2% by our general partner, DEP GP, which is a wholly owned subsidiary of EPOLP. DEP GP is responsible for

managing all of our operations and activities. EPCO provides all employees and certain administrative services for us.

On February 5, 2007, the Partnership completed its initial public offering of 14,950,000 common units (including an overallotment amount of 1,950,000 common units) at a price of $21.00 per unit, which generated net proceeds to the Partnership of $291.9 million. As consideration for assets contributed and reimbursement for capital expenditures related to these assets, the Partnership distributed $260.6 million of these net proceeds to EPOLP, along with $198.9 million in borrowings under its revolving credit facility (see below) and a final amount of 5,351,571 common units of the Partnership. The Partnership used $38.5 million of net proceeds from the overallotment to redeem 1,950,000 of the 7,301,571 common units it had originally issued to EPOLP, resulting in the final amount of 5,351,571 common units beneficially owned by EPOLP.

The following is a brief description of the operations contributed to us by EPOLP on February 5, 2007:

- Mont Belvieu Caverns owns and operates salt dome caverns and a brine system located in Mont Belvieu, Texas.
- Acadian Gas gathers, transports, stores and markets natural gas in Louisiana utilizing over 1,000 miles of high-pressure transmission lines and lateral and gathering lines with an aggregate throughput capacity of one billion cubic feet per day (the “Acadian Gas System”), including a 27-mile pipeline owned by its unconsolidated affiliate Evangeline Gas Pipeline L.P. (“Evangeline”) and a leased storage cavern with three billion cubic feet of storage capacity.
- Lou-Tex Propylene owns a 263-mile pipeline used to transport chemical-grade propylene from Sorrento, Louisiana to Mont Belvieu, Texas.
- Sabine Propylene owns a 21-mile pipeline used to transport polymer-grade propylene from Port Arthur, Texas to a pipeline interconnect in Cameron Parish, Louisiana on a transport-or-pay basis.
- South Texas NGL owns a 220-mile pipeline extending from Corpus Christi, Texas to Pasadena, Texas that was purchased by EPOLP from a third party in August 2006 for $97.7 million. Beginning in January 2007, this pipeline (together with other pipelines constructed, leased or acquired since August 2006) commenced transportation of NGLs from two of EPOLP’s processing facilities located in South Texas to Mont Belvieu, Texas. Collectively, these pipelines are called the DEP South Texas NGL Pipeline System.

EPOLP has owned controlling interests and operated the underlying assets of Mont Belvieu Caverns, Acadian Gas, Lou-Tex Propylene and Sabine Propylene for several years. On February 5, 2007, DEP Operating Partnership (the primary operating subsidiary of the Partnership) assumed operating responsibilities.

EPOLP may contribute other equity interests in its subsidiaries or its subsidiaries’ assets to the Partnership and use the proceeds it receives to fund its capital spending program. EPOLP has no obligation or commitment to make such contributions to the Partnership.

Note 2. General Accounting Policies and Related Matters

Cash and Cash Equivalents

Prior to our initial public offering, we operated within the EPOLP cash management program. For purposes of presentation in the Unaudited Condensed Statements of Consolidated Cash Flows, cash flows received (or used) in financing activities represent transfers of excess cash from us to our prior owners equal to net cash flow provided by operating activities less cash used in investing activities. Such transfers

of excess cash are shown as distributions to owners on our Unaudited Condensed Statement of Partners' Equity prior to February 5, 2007. Conversely, if cash used in investing activities is greater than net cash flow provided by operating activities, then a deemed contribution by owners was presented. As a result, our financial statements prior to February 2007 do not present cash balances.

Cash and cash equivalents represent unrestricted cash on hand and highly liquid investments with original maturities of less than three months from the date of purchase.

Our Statements of Consolidated Cash Flows are prepared using the indirect method. The indirect method derives net cash flows from operating activities by adjusting net income to remove (i) the effects of all deferrals of past operating cash receipts and payments, such as changes during the period in inventory, deferred income and similar transactions, (ii) the effects of all accruals of expected future operating cash receipts and cash payments, such as changes during the period in receivables and payables, (iii) the effects of all items classified as investing or financing cash flows, such as gains or losses on sale of property, plant and equipment or extinguishment of debt, and (iv) other non-cash amounts such as depreciation, amortization and changes in the fair market value of financial instruments.

Consolidation Policy

We evaluate our financial interests in business enterprises to determine if they represent variable interest entities where we are the primary beneficiary. If such criteria are met, we consolidate the financial statements of such businesses with those of our own. Our consolidated financial statements include our accounts and those of our majority-owned subsidiaries in which we have a controlling interest, after the elimination of all material intercompany accounts and transactions.

If an investee is organized as a limited partnership or limited liability company and maintains separate ownership accounts, we account for our investment using the equity method if our ownership interest is between 3% and 50% and we exercise significant influence over the investee's operating and financial policies. For all other types of investments, we apply the equity method of accounting if our ownership interest is between 20% and 50% and we exercise significant influence over the investee's operating and financial policies. Our proportionate share of profits and losses from transactions with equity method unconsolidated affiliate are eliminated in consolidation to the extent such amounts are material and remain on our balance sheet (or those of our equity method investees) in inventory or similar accounts.

To the extent applicable, we would also consolidate other entities and ventures in which we possess a controlling financial interest as well as partnership interests where we are the sole general partner of the partnership. If our ownership interest in an investee does not provide us with either control or significant influence over the investee, we would account for the investment using the cost method.

Cumulative effect of a change in accounting principle

We recognized, as a nominal benefit, the cumulative effect of a change in accounting principle of $9 thousand in January 2006 due to the implementation of Statement of Financial Accounting Standards ("SFAS") 123(R), "Share-Based Payment."

Estimates

Preparing our Unaudited Condensed Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Our actual results could differ from these estimates. On an ongoing basis, management reviews its estimates based on currently available information. Changes in facts and circumstances may result in revised estimates.

Income Taxes

We are organized as a pass-through entity for income tax purposes. As a result, our partners are responsible for federal income taxes on their share of our taxable income. For the two months ended March 31, 2007, our provision for income taxes of $0.2 million is applicable to state tax obligations under the Texas Margin Tax.

In accordance with Financial Accounting Standards Board Interpretation "FIN" 48, "Accounting for Uncertainty in Income Taxes," we must recognize the tax effects of any uncertain tax positions we may adopt, if the position taken by us is more likely than not sustainable. If a tax position meets such criteria, the tax effect to be recognized by us would be the largest amount of benefit with more than a 50% chance of being realized upon settlement. This guidance was effective January 1, 2007, and our adoption of this guidance had no material impact on our financial position, results of operations or cash flows.

Recent Accounting Developments

SFAS 157, "Fair Value Measurements," defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, and we will be required to adopt SFAS 157 on January 1, 2008. We do not believe SFAS 157 will have a material impact on our financial position, results of operations, and cash flows since we already apply its basic concepts in measuring fair values used to record various transactions such as business combinations and asset acquisitions.

SFAS 159, "Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115," permits entities to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected would be reported in net income. SFAS 159 also establishes presentation and disclosure requirements designed to draw comparisons between the different measurements attributes the company elects for similar types of assets and liabilities. SFAS 159 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact that the adoption of SFAS 159 will have on our financial statements.

Note 3. Financial Instruments

In addition to its natural gas transportation business, Acadian Gas engages in the purchase and sale of natural gas. The price of natural gas fluctuates in response to changes in supply, market uncertainty, and a variety of additional factors that are beyond our control. Acadian Gas may enter into risk management transactions to manage price risk, basis risk, physical risk or other risks related to its commodity positions on both a short-term (less than 30 days) and long-term basis, not to exceed 24 months.

Acadian Gas may use commodity financial instruments such as futures, swaps and forward contracts to mitigate such risks. In general, the types of risks Acadian Gas attempts to hedge are those related to the variability of its future earnings and cash flows resulting from changes in applicable commodity prices. The commodity financial instruments that Acadian Gas utilizes may be settled in cash or with another financial instrument. As a matter of policy, Acadian Gas does not use financial instruments for speculative (or "trading") purposes.

Acadian Gas enters into a small number of cash flow hedges in connection with its purchase of natural gas held-for-sale. In addition, Acadian Gas enters into a limited number of offsetting financial instruments that effectively fix the price of natural gas for certain of its customers.

The fair value of the Acadian Gas commodity financial instrument portfolio was a liability of $31 thousand at March 31, 2007 and a negligible amount at December 31, 2006. We recorded losses of $408

thousand and gain of $6 thousand related to our commodity financial instruments during the three months ended March 31, 2007 and 2006, respectively.

Note 4. Inventories

Our inventory consists of natural gas volumes valued at the lower of average cost or market. At March 31, 2007 and December 31, 2006, the value of our natural gas inventory was $7.3 million and $13.5 million, respectively.

Operating costs and expenses, as presented on our Unaudited Condensed Statements of Consolidated Operations and Comprehensive Income included cost of sales amounts related to the sale of natural gas inventory. Our costs of sales were $166.2 million and $252.8 million for the three months ended March 31, 2007 and 2006, respectively.

As a result of fluctuating market conditions, we recognize lower of average cost or market ("LCM") adjustments when the historical cost of our inventory exceeds its net realizable value. These non-cash adjustments are recorded as a component of cost of sales. For the three months ended March 31, 2007, we recognized LCM adjustments of approximately $0.1 million. No LCM adjustments were required for the three months ended March 31, 2006.

Note 5. Property, Plant and Equipment

Our property, plant and equipment values and accumulated depreciation balances were as follows at the dates indicated:

	Estimated Useful Life in Years	March 31, 2007	December 31, 2006
Natural gas and petrochemical pipelines and related equipment (1)	3-35(4)	$405,054	$350,360
Underground storage wells and related assets (2)	5-35(5)	272,010	324,685
NGL pipelines and related equipment	5-35(6)	132,413	98,148
Transportation equipment (3)	3-10	1,222	1,240
Land		15,809	15,809
Construction in progress		86,797	61,839
Total		913,305	852,081
Less accumulated depreciation		150,996	144,432
Property, plant and equipment, net		$762,309	$707,649

(1) Includes natural gas and petrochemical pipelines, office furniture and equipment, buildings, and related assets.

(2) Underground storage facilities include underground product storage caverns and related assets such as pipes and compressors.

(3) Transportation equipment includes vehicles and similar assets used in our operations.

(4) In general, the estimated useful lives of major components of this category are: pipelines, 18-35 years (with some equipment at 5 years); office furniture and equipment, 3-20 years; and buildings 20-35 years.

(5) In general, the estimated useful life of underground storage facilities is 20-35 years (with some components at 5 years).

(6) In general, the estimated useful life of NGL pipelines will be 20-35 years (with some equipment at 5 years).

Depreciation expense for the three months ended March 31, 2007 and 2006 was $6.7 million, and $4.8 million, respectively. We capitalized $1.3 million and $0.3 million of interest in connection with capital projects during the three months ended March 31, 2007 and 2006, respectively.

The initial phase of the DEP South Texas NGL Pipeline System was placed in service in January 2007. This event resulted in the reclassification of associated construction-in-progress amounts to NGL pipelines and related equipment (as shown in the preceding table).

Note 6. Investments in and Advances to Unconsolidated Affiliate

Acadian Gas, through a wholly owned subsidiary, owns a collective 49.51% equity interest in Evangeline, which consists of a 45% direct ownership interest in Evangeline Gas Pipeline, L.P. ("EGP") and a 45.05% direct interest in Evangeline Gas Corp. ("EGC"). EGC also owns a 10% direct interest in EGP. Third parties own the remaining equity interests in EGP and EGC.

Evangeline owns a 27-mile natural gas pipeline system extending from Taft, Louisiana to Westwego, Louisiana that connects three electric generation stations owned by Entergy Louisiana. Evangeline's most significant contract is a 21-year natural gas sales agreement with Entergy. Acadian Gas does not have a controlling interest in the Evangeline entities, but does exercise significant influence on Evangeline's operating policies. Acadian Gas accounts for its financial investment in Evangeline using the equity method since it is not the primary beneficiary of Evangeline.

At March 31, 2007 and December 31, 2006, the carrying value of our investment in Evangeline was $3.5 million and $3.4 million, respectively. Our Unaudited Condensed Statements of Consolidated Operations and Comprehensive Income reflect equity earnings from Evangeline of $0.1 million and $0.2 million for the three months ended March 31, 2007 and 2006, respectively. Our investment in Evangeline is classified within our Natural Gas Pipelines & Services business segment.

Summarized Financial Information of Unconsolidated Affiliate

The following table presents unaudited summarized income statement data of Evangeline for the periods indicated (on a 100% basis):

	For the Three Months Ended March 31,	
	2007	2006
Revenues	$ 52,374	$ 80,542
Operating income (loss)	1,603	1,941
Net income (loss)	144	314

Note 7. Intangible Assets

Our intangible assets represent the value attributable to renewable storage contracts with various customers. We acquired these assets in connection with the purchase of storage caverns from a third party in January 2002. Due to the renewable nature of the underlying contracts, we amortize our intangible assets on a straight-line basis over the estimated remaining economic life of the storage assets to which they relate. We classify these intangible assets within our NGL & Petrochemical Storage Services business segment.

The gross value of these intangible assets was $8.1 million at inception. At March 31, 2007 and December 31, 2006, the carrying value of these intangible assets was $6.9 million and $7.0 million, respectively. We recorded $58 thousand of amortization expense associated with these intangible assets during each of the three month periods ended March 31, 2007 and 2006. For the remainder of 2007, we estimate that the amortization expense associated with these intangible assets will be $174 thousand.

Note 8. Debt Obligations

On February 5, 2007, we entered into a $300.0 million revolving credit facility having a $30.0 million sublimit for Swingline loans. We may also issue up to $300.0 million of letters of credit under this facility. Letters of credit outstanding under this facility reduce the amount available for borrowings. At the closing of our initial public offering, we made an initial draw of $200.0 million under this facility to fund the $198.9 million cash distribution to EPOLP and the remainder to pay debt issuance costs. At March 31,

2007, the balance outstanding under this facility was $169.0 million.

This credit facility matures in February 2011 and will be used by us in the future to fund working capital and other capital requirements and for general partnership purposes. We may make up to two requests for one-year extensions of the maturity date (subject to certain restrictions). The revolving credit facility is also available to help fund distributions. We can increase the borrowing capacity under our revolving credit facility, without consent of the lenders, by an amount not to exceed $150.0 million, by adding to the facility one or more new lenders and/or increasing the commitments of existing lenders. No existing lender is required to increase its commitment, unless it agrees to do so in its sole discretion.

Our revolving credit facility offers the following unsecured loans (as defined in the credit agreement), each having different minimum borrowing amounts and interest requirements:

- *London Interbank Offered Rate* ("LIBOR") *Loans*. LIBOR loans can be exercised in a minimum borrowing amount of $5.0 million and multiples of $1.0 million thereafter. No more than eight LIBOR loans may be outstanding at any time under the revolving credit facility. LIBOR loans bear interest at a rate per annum equal to LIBOR plus the applicable LIBOR margin. Unless LIBOR loans are repaid on interest payment dates, breakage costs could be incurred.
- *Base Rate Loans*. Base Rate loans can be exercised in a minimum borrowing amount of $1.0 million and multiples of $500.0 thousand thereafter. These loans bear interest at a rate per annum equal to the Base Rate. The Base Rate is the higher of (i) the rate of interest publicly announced by the administrative agent, Wachovia Bank, National Association, as its Base Rate and (ii) 0.5% per annum above the Federal Funds Rate in effect on such date.
- *Swingline Loans*. Swingline loans can be exercised in a minimum borrowing amount of $1.0 million and multiples of $100.0 thousand thereafter. These loans bear interest at a rate per annum equal to LIBOR plus an applicable LIBOR margin.

For the 55-day period in which we had borrowings outstanding under this facility, our weighted-average variable interest rate paid was 6.17%.

Our revolving credit facility requires us to maintain a leverage ratio for the prior four fiscal quarters of not more than 4.75 to 1.00 at the last day of each fiscal quarter commencing June 30, 2007; provided that, upon the closing of a permitted acquisition, such ratio shall not exceed (a) 5.25 to 1.00 at the last day of the fiscal quarter in which such specified acquisition occurred and at the last day of each of the two fiscal quarters following the fiscal quarter in which such specified acquisition occurred, and (b) 4.75 to 1.00 at the last day of each fiscal quarter thereafter. In addition, prior to obtaining an investment-grade rating by Standard & Poor's Ratings Services, Moody's Investors Service or Fitch Ratings, our interest coverage ratio, for the prior four fiscal quarters shall not be less than 2.75 to 1.00 at the last day of each fiscal quarter commencing June 30, 2007.

Our revolving credit facility contains other customary covenants, including those restricting or limiting our ability, and the ability of certain of our subsidiaries, to:

- make distributions;
- incur additional indebtedness;
- grant liens or make certain negative pledges;
- engage in certain asset conveyances, sales, leases, transfers, distributions or otherwise dispose of certain assets, businesses or operations;
- make certain investments;

- enter into a merger, consolidation, or dissolution;
- engage in transactions with affiliates;
- directly or indirectly make or permit any payment or distribution in respect of our partnership interests; or
- permit or incur any limitation on the ability of any of our subsidiaries to pay dividends or make distributions to, repay indebtedness to, or make subordinated loans or advances to us.

If an event of default exists under the credit agreement, the lenders will be able to accelerate the maturity of the credit agreement and exercise other rights and remedies. Each of the following is an event of default under the credit agreement:

- non-payment of any principal, interest or fees when due under the credit agreement subject to grace periods;
- non-performance of covenants subject to grace periods;
- failure of any representation or warranty to be true and correct in any material respect when made;
- failure to pay any other material debt exceeding $10.0 million in the aggregate;
- a change of control; and
- other customary defaults.

Evangeline joint venture debt obligation

At March 31, 2007 and December 31, 2006, long-term debt for Evangeline consisted of (i) $18.2 million in principal amount of 9.9% fixed interest rate senior secured notes due December 2010 (the “Series B” notes) and (ii) a $7.5 million subordinated note payable to an affiliate of the other co-venture participant (the “LL&E Note”). The Series B notes are collateralized by (i) Evangeline’s property, plant and equipment; (ii) proceeds from its Entergy natural gas sales contract; and (iii) a debt service reserve requirement. Scheduled principal repayments on the Series B notes are $5.0 million annually through 2009 with a final repayment in 2010 of approximately $3.2 million. The trust indenture governing the Series B notes contains covenants such as requirements to maintain certain financial ratios. Evangeline was in compliance with such covenants during the periods presented.

Evangeline incurred the LL&E Note obligations in connection with its acquisition of the Entergy natural gas sales contract in 1991 and formation of the venture. The LL&E Note is subject to a subordination agreement which prevents the repayment of principal and accrued interest on the note until such time as the Series B note holders are either fully cash secured through debt service accounts or have been completely repaid. Variable rate interest accrues on the subordinated note at a LIBOR rate plus 0.5%. The weighted-average variable interest rate paid on this debt was 5.87% during the three months ended March 31, 2007. At March 31, 2007 and December 31, 2006, the amount of accrued but unpaid interest on the LL&E Note was approximately $8.2 million and $7.9 million, respectively.

Note 9. Parent Interest in Subsidiaries

In connection with our initial public offering (see Note 1), EPOLP contributed to us 66% of the equity interest in Mont Belvieu Caverns, Acadian Gas, Lou-Tex Propylene, Sabine Propylene and South Texas NGL. EPOLP retained the remaining 34% equity interest in each of these entities. We account for EPOLP's share of our subsidiaries' net assets and income as Parent interest in a manner similar to minority interest.

The following table presents the change in Parent interest in subsidiaries as shown on our Unaudited Condensed Consolidated Balance Sheet at March 31, 2007:

Retention by Parent of 34% ownership interest in certain operating subsidiaries contributed to us on February 1, 2007	$ 252,292
Parent interest in income of subsidiaries — February 1, 2007 through March 31, 2007	4,049
Parent capital contributions to subsidiaries, net — February 1, 2007 through March 31, 2007	2,962
Parent interest in subsidiaries, March 31, 2007	$ 259,303

The Parent made net capital contributions of $3.0 million to us during the two months ended March 31, 2007. This amount consisted of $5.9 million of contributions primarily related to normal capital project expenditures less $2.9 million of cash distributions.

The following table presents our calculation of Parent interest in income of subsidiaries for the two months ended March 31, 2007:

		Parent Interest in Income of Subsidiaries
Net income amounts for two months ended March 31, 2007:		
Mont Belvieu Caverns' net income (before special allocation of operational measurement gains and losses (see Note 12)	$ 4,554	
Less operational measurement gain allocated to Parent	1,327	$ 1,327
Remaining Mont Belvieu Caverns' net income to allocate to partners	3,227	
Multiplied by Parent 34% interest in remaining net income	x 34%	
Mont Belvieu Caverns' net income allocated to Parent	1,097	1,097
Acadian Gas net income multiplied by Parent 34% interest		217
Lou-Tex Propylene net income multiplied by Parent 34% interest		505
Sabine Propylene net income multiplied by Parent 34% interest		55
South Texas NGL net income multiplied by Parent 34% interest		848
Parent interest in income of subsidiaries — February 1, 2007 through March 31, 2007		$ 4,049

Note 10. Partners' Equity and Distributions

We are a Delaware limited partnership that was formed in September 2006. We are owned 98% by our limited partners and 2% by our general partner, DEP GP, which is a wholly owned subsidiary of EPOLP.

Capital accounts, as defined in our Partnership Agreement, are maintained by us for our general partner and our limited partners. The capital account provisions of our Partnership Agreement incorporate principles established for U.S. Federal income tax purposes and are not comparable to the equity accounts reflected under GAAP in our consolidated financial statements. Earnings and cash distributions are allocated to our partners in accordance with their respective percentage interests.

As discussed in Note 1, we completed our initial public offering of 14,950,000 common units (including an overallotment amount of 1,950,000 common units) on February 5, 2007 at a price of $21.00 per unit, which generated net proceeds to the Partnership of $291.9 million. As consideration for assets

contributed and reimbursement for capital expenditures related to these assets, we distributed $260.6 million of these net proceeds to EPOLP, along with $198.9 million in borrowings under our revolving credit facility (see Note 8) and a final amount of 5,351,571 common units of the Partnership.

The following table presents the adjustments made to the owners' net investment balance of Duncan Energy Partners Predecessor at December 31, 2006 to arrive at our total partners' equity balance after completion of our initial public offering effective February 1, 2007:

Balance, December 31, 2006	$ 725,797
Net income — January 1, 2007 to January 31, 2007	5,035
Net cash contribution from owners	8,534
Non-cash contribution from owners	6
Balance, January 31, 2007	739,372
Adjustment for Predecessor liabilities not transferred to Duncan Energy Partners (1)	2,664
Retention by Parent of 34% ownership interest in certain operating subsidiaries (2)	(252,292)
Allocation of Predecessor equity to Parent in exchange for 5,351,571 common units of Duncan Energy Partners	(489,744)
Balance after completion of initial public offering and related transactions	$ —

(1) Reflects the retention by EPOLP of the storage well measurement imbalance account.

(2) Reflects the retention by EPOLP (the sponsor of the Partnership) of a 34% ownership interest in each of operating subsidiaries.

Unit History

The following table details changes in our outstanding common units since our initial public offering on February 5, 2007. The Partnership used $38.5 million of net proceeds from the overallotment to redeem 1,950,000 of the 7,301,571 common units it had originally issued to EPOLP, resulting in the final amount of 5,351,571 common units beneficially owned by EPOLP.

Activity on February 5, 2007:	
Common units originally issued to EPOLP in connection with its contribution of assets to us	7,301,571
Common units originally issued in connection with our initial public offering	13,000,000
Redemption of common units using proceeds of overallotment	(1,950,000)
Additional common units issued to public in connection with our initial public offering (overallotment amount)	1,950,000
Common units outstanding, March 31, 2007	20,301,571

Distributions

Our partnership agreement requires us to distribute all of our available cash (as defined in our Partnership Agreement) to our partners on a quarterly basis. Such distributions are not cumulative. In addition, we do not have a legal obligation to pay distributions at our initial distribution rate or at any other rate except as provided in our partnership agreement. Our general partner is entitled to 2% of all distributions; however, it has no incentive distribution rights.

On May 9, 2007, we expect to pay a prorated quarterly distribution of $0.244 per unit (based on our initial declared quarterly distribution of $0.40 per unit) for the 55-day period from and including February 5, 2007 (the closing date of our initial public offering) through March 31, 2007.

Note 11. Business Segments

We classify our midstream energy operations in four reportable business segments: NGL & Petrochemical Storage Services, Natural Gas Pipelines & Services, Petrochemical Pipeline Services and NGL Pipeline Services. Our business segments are generally organized and managed according to the type of services rendered (or technologies employed) and products produced and/or sold.

We evaluate segment performance based on the non-GAAP financial measure of gross operating margin. Gross operating margin (either in total or by individual segment) is an important performance measure of the core profitability of our operations. This measure forms the basis of our internal financial reporting and is used by senior management in deciding how to allocate capital resources among business segments. We believe that investors benefit from having access to the same financial measures that our management uses in evaluating segment results. The GAAP measure most directly comparable to total segment gross operating margin is operating income. Our non-GAAP financial measure of total segment gross operating margin should not be considered as an alternative to GAAP operating income.

We define total (or combined) segment gross operating margin as operating income before: (i) depreciation, amortization and accretion expense; (ii) gains and losses on the sale of assets; and (iii) general and administrative expenses. Gross operating margin is exclusive of other income and expense transactions, provision for income taxes, extraordinary charges and the cumulative effect of changes in accounting principles. Gross operating margin by segment is calculated by subtracting segment operating costs and expenses (net of the adjustments noted above) from segment revenues, with both segment totals before the elimination of any intersegment and intrasegment transactions. In accordance with GAAP, intercompany accounts and transactions are eliminated in consolidation.

We include equity earnings from Evangeline in our measurement of segment gross operating margin and operating income. Our equity investment in Evangeline is a vital component of our business strategy and important to the operations of Acadian Gas. This method of operation enables us to achieve favorable economies of scale relative to the level of investment and business risk assumed versus what we could accomplish on a stand-alone basis. Evangeline performs complementary roles to the other business operations of Acadian Gas. As circumstances dictate, we may increase our ownership interest in Evangeline or make other equity method investments.

All of our consolidated revenues were earned in the United States. Our underground storage wells in Mont Belvieu, Texas receive, store and deliver NGLs and petrochemical products for refinery and other customers along the U.S. Gulf Coast. Acadian Gas gathers, transports, stores and markets natural gas to customers in Louisiana. Our petrochemical pipelines provide propylene transportation services to shippers in southeast Texas and southwestern Louisiana. Our DEP South Texas NGL Pipeline System commenced transportation of NGLs from south Texas to Mont Belvieu, Texas in January 2007 for EPOLP.

Combined property, plant and equipment and investments in and advances to our unconsolidated affiliate are allocated to each segment based on the primary operations of each asset or investment. The principal reconciling item between combined property, plant and equipment and the total value of segment assets is construction-in-progress. Segment assets represent the net carrying value of assets that contribute to the gross operating margin of a particular segment. Since assets under construction generally do not contribute to segment gross operating margin until completed, such assets are excluded from segment asset totals until they are deemed operational.

The following table shows our measurement of total segment gross operating margin for the periods indicated:

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For the Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
Revenues (1)	$ 133,874	$ 66,674	$ 282,442
Less: Operating costs and expenses (1)	(124,431)	(61,187)	(270,184)
Add: Equity in income of unconsolidated affiliate (1)	46	25	154
Depreciation, amortization and accretion in operating costs and expenses (2)	4,515	2,209	4,841
Gain on sale of assets (2)	(2)	—	(7)
Total segment gross operating margin	$ 14,002	$ 7,721	$ 17,246

(1) These amounts are taken from our Unaudited Condensed Statements of Consolidated Operations and Comprehensive Income.

(2) These non-cash amounts are taken from the operating activities section of our Unaudited Condensed Statements of Consolidated Cash Flows.

A reconciliation of our measurement of total gross operating margin to operating income and further to income before the cumulative effect of a change in accounting principle follows:

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For the Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
Total segment gross operating margin	$ 14,002	$ 7,721	$ 17,246
Adjustments to reconcile total non-GAAP segment gross operating margin to operating income:			
Depreciation, amortization and accretion in operating costs and expenses	(4,515)	(2,209)	(4,841)
Gain on sale of assets in operating costs and expenses	2	—	7
General and administrative costs	(357)	(477)	(776)
Operating income	9,132	5,035	11,636
Other income (expense), net	(987)	—	4
Provision for income taxes	(173)	—	—
Parent interest in income of subsidiaries	(4,049)	—	—
Income before the cumulative effect of a change in accounting principle	$ 3,923	$ 5,035	$ 11,640

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Information by segment, together with reconciliations to our consolidated totals, is presented in the following table:

	Reportable Segments					
	NGL and Petrochemical Storage Services	Natural Gas Pipelines & Services	Petrochemical Pipeline Services	NGL Pipeline Services	Adjustments and Eliminations	Consolidated Totals
Revenues from third parties:						
Two months ended March 31, 2007	$ 6,672	$ 82,147	$ 2,675	—	—	$ 91,494
One month ended January 31, 2007	3,630	39,027	—	—	—	42,657
Three months ended March 31, 2006	8,757	170,101	—	—	—	178,858
Revenues from related parties:						
Two months ended March 31, 2007	4,767	34,148	—	$ 3,465	—	$ 42,380
One month ended January 31, 2007	1,534	17,742	2,990	1,751	—	24,017
Three months ended March 31, 2006	4,466	90,653	8,465	—	—	103,584
Intersegment and intrasegment revenues:						
Two months ended March 31, 2007	—	—	—	—	—	—
Total revenues:						
Two months ended March 31, 2007	11,439	116,295	2,675	3,465	—	133,874
One month ended January 31, 2007	5,164	56,769	2,990	1,751	—	66,674
Three months ended March 31, 2006	13,223	260,754	8,465	—	—	282,442
Equity in income in unconsolidated affiliate:						
Two months ended March 31, 2007	—	46	—	—	—	46
One month ended January 31, 2007	—	25	—	—	—	25
Three months ended March 31, 2006	—	154	—	—	—	154
Gross operating margin by individual business segment and in total:						
Two months ended March 31, 2007	6,680	1,877	2,216	3,229	—	14,002
One month ended January 31, 2007	1,770	1,605	2,700	1,646	—	7,721
Three months ended March 31, 2006	3,125	6,927	7,194	—	—	17,246
Segment assets:						
At March 31, 2007	245,093	207,726	91,234	131,459	$ 86,797	762,309
At December 31, 2006	246,068	209,550	92,044	98,148	61,839	707,649
Investments in and advances to unconsolidated affiliate (see Note 6):						
At March 31, 2007	—	3,514	—	—	—	3,514
At December 31, 2006	—	3,391	—	—	—	3,391
Intangible Assets (see Note 7):						
At March 31, 2007	6,908	—	—	—	—	6,908
At December 31, 2006	6,966	—	—	—	—	6,966

See Note 1, “Background and Basis of Financial Statement Presentation,” for a summary of factors that affect the comparability of our segment totals for the two months ended March 31, 2007 with prior periods.

Note 12. Related Party Transactions

The following table summarizes our related party transactions for the periods indicated:

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For the Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
Revenues:			
EPOLP	$10,130	$ 8,602	$ 25,364
Evangeline	32,250	15,415	78,220
Total	$42,380	$24,017	$103,584
Operating costs and expenses:			
EPCO	$ 2,613	$ 2,487	$ 8,857
EPOLP	1,740	654	4,338
TEPPCO	—	—	—
Evangeline	—	8	—
Total	$ 4,353	$ 3,149	$ 13,195
General and administrative costs:			
EPCO	$ 224	$ 455	$ 753

Relationship with EPOLP

Prior to our initial public offering, EPOLP was the shipper of record on our Sabine Propylene and Lou-Tex Propylene Pipelines through exchange agreements EPOLP had with third parties. Our Predecessor recorded $8.5 million of related party revenues from EPOLP in connection with these pipelines during the three months ended March 31, 2006 and $3.0 million during the one month ended January 31, 2007. In connection with our initial public offering, EPOLP assigned these third party exchange agreements to us. However, EPOLP remains jointly and severally liable with us to such third parties for our performance of these agreements. We recorded $2.7 million of revenues from these exchange agreements during the two months ended March 31, 2007.

Our related party revenues from EPOLP also include $4.2 million and $12.4 million for the three months ended March 31, 2007 and 2006, respectively, for the sale of natural gas. Our related party operating costs and expenses include the cost of natural gas EPOLP sold to us. Such amounts were $1.8 million and $4.3 million for the three months ended March 31, 2007 and 2006, respectively.

We provide underground NGL and petrochemical storage services to EPOLP. Historically, our related party revenues from such services were based on fees that were below market. Effective with the closing of our initial public offering, we increased the storage fees we charge EPOLP to equal the market rates we charge third parties for storage services of similar scope, volume and duration. Our Predecessor recorded $4.5 million of related party revenues from EPOLP in connection with these storage services during the three months ended March 31, 2006 and $1.5 million during the one month ended January 31, 2007. We recorded $4.8 million of revenues under the new storage agreements during the two months ended March 31, 2007.

Storage well measurement gains and losses occur when product movements into a storage well are different than those redelivered to customers. In connection with storage agreements entered into between EPOLP and Mont Belvieu Caverns effective concurrently with the closing of our initial public offering, EPOLP has agreed to absorb all storage well measurement gains and losses.

Operational measurement gains and losses are created when product is moved between storage wells and are attributable to pipeline and well connection measurement variances. Beginning February 2007, the Mont Belvieu Caverns' limited liability company agreement allocates to EPOLP any items of income or loss relating to net operational measurement gains and losses, including amounts that Mont

Belvieu Caverns may retain as handling losses. As such, EPOLP is required each period to contribute cash to Mont Belvieu Caverns for net operational measurement losses and is entitled to receive distributions from Mont Belvieu Caverns for net operational measurement gains. We continue to record operational measurement gains and losses associated with the operation of our Mont Belvieu storage facility. However, these operational measurement gains and losses should not affect our net income or have a significant impact on us with respect to the timing of our net cash flows provided by operating activities and, accordingly, we have not established a reserve for operational measurement losses on our balance sheet.

In connection with our initial public offering, South Texas NGL entered into a ten-year contract with EPOLP for the transportation of NGLs from south Texas to Mont Belvieu, Texas. Under this contract, EPOLP pays us a dedication fee of no less than $0.02 per gallon for all NGLs it produces at its Shoup and Armstrong NGL fractionation plants, whether or not any such volumes are actually shipped on our DEP South Texas NGL Pipeline System. EPOLP is currently the sole shipper on this pipeline system.

South Texas NGL does not take title to products transported on its pipeline system. EPOLP retains title and associated commodity risk for products it transports on the pipeline. Our Predecessor recorded $1.8 million of related party revenues from our DEP South Texas NGL Pipeline System in January 2007 and we recorded $3.5 million during the two months ended March 31, 2007.

Omnibus Agreement. On February 5, 2007, EPOLP entered into an Omnibus Agreement with the Partnership that will govern its relationship with the Partnership regarding the following matters:

- indemnification for certain environmental liabilities, tax liabilities and right-of-way defects;
- reimbursement of certain expenditures for South Texas NGL and Mont Belvieu Caverns;
- a right of first refusal to EPOLP on the Partnership's current and future subsidiaries and a right of first refusal on the material assets of these entities, other than sales of inventory and other assets in the ordinary course of business; and
- a preemptive right with respect to equity securities issued by certain of the Partnership's subsidiaries, other than as consideration in an acquisition or in connection with a loan or debt financing.

As stated above, in the Omnibus Agreement, EPOLP has indemnified us against certain environmental and related liabilities arising out of or associated with the operation of the contributed assets prior to February 5, 2007. These liabilities include both known and unknown environmental and related liabilities. The indemnification will terminate on February 5, 2010 and there is an aggregate cap of $15.0 million on the amount of indemnity coverage. In addition, we are not entitled to indemnification until the aggregate amount of claims exceeds $250 thousand. Liabilities resulting from a change of law after February 5, 2007 are excluded from the environmental indemnity.

In the Omnibus Agreement, EPOLP has also indemnified us for liabilities related to:

- certain defects in the easement rights or fee ownership interests in and to the lands on which any assets contributed to us are located and failure to obtain certain consents and permits necessary to conduct our operations that arise through February 5, 2010; and
- certain income tax liabilities attributable to the operation of the contributed assets prior to February 5, 2007.

EPOLP has agreed to fund all construction costs in excess of amounts we expected to spend on our planned expansions of the DEP South Texas NGL Pipeline System (i.e. Phase II) and brine production capacity and above-ground reservoir projects of Mont Belvieu Caverns at the time of our initial public

offering. We retained $30.6 million of the net proceeds from our initial public offering to fund our 66% share of post-February 5, 2007 estimated construction costs and liabilities.

The Omnibus Agreement may not be amended without the prior approval of the Audit, Conflicts and Governance Committee if the proposed amendment will, in the reasonable discretion of our general partner, adversely affect holders of our common units.

Relationship with EPCO

We have no employees. All of our operating functions are performed by employees of EPCO pursuant to an administrative services agreement (the "ASA"). EPCO also provides general and administrative support services to us in accordance with the ASA. Enterprise Products Partners, EPOLP and the other affiliates of EPCO, including the Partnership, are parties to the ASA. We are required to reimburse EPCO for its services in an amount equal to the sum of all costs and expenses incurred by EPCO which are directly or indirectly related to our business or activities (including EPCO expenses reasonably allocates to us). In addition, we have agreed to pay all sales, use, excise, value added or similar taxes, if any, which may be applicable with respect to services provided by EPCO.

EPCO allows us to participate as named insureds in its overall insurance program with the associated premiums and related costs being allocated to us. We and our Predecessor reimbursed EPCO $0.3 million for insurance costs for each of the three months ended March 31, 2007 and 2006, respectively.

Our operating costs and expenses include reimbursement payments to EPCO for the costs it incurs to operate our facilities, including the compensation of employees. We reimburse EPCO for actual direct and indirect expenses it incurs related to the operation of our assets. We and our Predecessor reimbursed EPCO $2.6 million, $2.5 million and $8.9 million for the two months ended March 31, 2007, the month of January 2007, and the three months ended March 31, 2006, respectively, for operating costs and expenses.

Likewise, our general and administrative costs include amounts we reimburse to EPCO for administrative services, including compensation of employees. In general, our reimbursement to EPCO for administrative services is either (i) on an actual basis for direct expenses it may incur on our behalf (e.g., the purchase of office supplies) or (ii) based on an allocation of such charges between the various parties to the ASA, which in turn is based on the estimated use of such services by each party (e.g., the allocation of general, legal or accounting salaries based on estimates of time spent on each entity's business and affairs). We and our Predecessor reimbursed EPCO $0.2 million, $0.5 million and $0.8 million for the two months ended March 31, 2007, the month of January 2007, and the three months ended March 31, 2006, respectively, for general and administrative costs.

A small number of key employees of EPCO that devote a portion of their time to our operations and affairs also participate in long-term incentive compensation plans managed by EPCO. These plans include the issuance of restricted units of Enterprise Products Partners and limited partner interests in EPE Unit L.P. The amount of equity-based compensation allocable to us was immaterial during all periods presented.

Relationship with Evangeline

We sell natural gas to Evangeline, which, in turn, uses such natural gas to satisfy its sales commitments to Entergy. Our sales of natural gas to Evangeline totaled $32.3 million, $15.4 million and $78.2 million for the two months ended March 31, 2007, the month of January 2007, and the three months ended March 31, 2006, respectively.

Additionally, we have a service agreement with Evangeline whereby we provide Evangeline with construction, operations, maintenance and administrative support related to its pipeline system. Evangeline paid us $76 thousand, $37 thousand and $112 thousand for such services for the two months ended March 31, 2007, the month of January 2007, and the three months ended March 31, 2006, respectively.

Relationship with TEPPCO

We lease an 11-mile pipeline extending from Pasadena, Texas to Baytown, Texas that is part of the DEP South Texas NGL Pipeline System. The primary term of this lease will expire on September 15, 2007, and will continue on a month-to-month basis subject to termination by either party upon 60 days notice. This pipeline is being leased by us until we complete the construction of a parallel pipeline. Lease expense associated with this agreement was nominal during the first quarter of 2007.

Note 13. Earnings Per Unit

Basic and diluted earnings per unit is computed by dividing net income or loss allocated to limited partner interests by the weighted-average number of common units outstanding during a period. The following calculation is based on common units outstanding since the completion of our initial public offering in February 2007. At present, we have no dilutive securities.

The amount of net income or loss allocated to limited partner interests is net of our general partner's share of such earnings. The following table presents the allocation of net income to DEP GP for the period indicated:

	For the Two Months Ended March 31, 2007
Net income	$ 3,923
Multiplied by DEP GP ownership interest	2.0%
Net income allocation to DEP GP	$ 78

The following table presents our calculation of basic and diluted earnings per unit for the period indicated:

	For the Two Months Ended March 31, 2007
Net income	$ 3,923
Less net income allocation to DEP GP	78
Net income available to limited partners	$ 3,845
Basic and Diluted Earnings per Unit:	
Numerator:	
Net income available to limited partners	$ 3,845
Denominator:	
Common units	20,302
Earnings per unit	$ 0.19

Note 14. Commitments and Contingencies

Litigation

On occasion, we are named as a defendant in litigation relating to our normal business operations, including regulatory and environmental matters. Although we insure against various business risks to the extent we believe it is prudent, there is no assurance that the nature and amount of such insurance will be adequate, in every case, to indemnify us against liabilities arising from future legal proceedings as a result of our ordinary business activity.

In 1997, Acadian Gas and numerous other energy companies were named as defendants in actions brought by Jack Grynberg on behalf of the U.S. Government under the False Claims Act. Generally, these complaints allege an industry-wide conspiracy to under report the heating value, as well as the volumes, of natural gas produced from federal and Native American lands. The complaint alleges that the U.S. Government was deprived of royalties as a result of this conspiracy. The plaintiff in this case seeks royalties that he contends the U.S. government should have received had the heating value and volume been differently measured, analyzed, calculated and reported, together with interest, treble damages, civil penalties, expenses and future injunctive relief to require the defendants to adopt allegedly appropriate gas measurement practices. These matters have been consolidated for pretrial purposes (In re: Natural Gas Royalties *Qui Tam* Litigation, U.S. District Court for the District of Wyoming, filed June 1997). On October 20, 2006, the U.S. District Court dismissed all of Grynberg's claims with prejudice. We expect Grynberg to appeal.

We are not aware of any other significant litigation, pending or threatened, that may have a significant adverse effect on our financial position or results of operations.

Redelivery Commitments

We transport and store natural gas and store NGL and petrochemical products for third parties under various contracts. Under the terms of these agreements, we are generally required to redeliver volumes to the owner on demand. We are insured for any physical loss of such volumes resulting from catastrophic events. At March 31, 2007 and December 31, 2006, NGL and petrochemical products aggregating 2.5 million barrels and 8.5 million barrels, respectively, were due to be redelivered to their owners along with 431 billion British thermal units ("BBtus") and 748 BBtus, respectively, of natural gas.

Operating lease

We lease certain property, plant and equipment under non-cancelable and cancelable operating leases. Our significant lease agreements involve the lease of an underground storage cavern for the storage of natural gas held-for-sale and land held pursuant to right-of-way agreements. The current term of the cavern lease expires in December 2012, but may be extended through negotiations with the lessor. Our significant right-of-way agreements have original terms that range from five to 50 years and include renewal options that could extend the agreements for up to an additional 25 years.

Lease expense included in operating costs and expenses was $0.2 million and $0.3 million for the three months ended March 31, 2007, and 2006, respectively. There have been no material changes in our operating lease commitments since December 31, 2006.

Purchase Obligations

Acadian Gas has a product purchase commitment for the purchase of natural gas in Louisiana from the co-venture party in Evangeline. This purchase agreement expires in January 2013. Our purchase price under this contract approximates the market price of natural gas at the time we take delivery of the volumes.

We also have short-term payment obligations relating to capital projects we have initiated. These commitments represent unconditional payment obligations to pay vendors for services to be rendered or products to be delivered in connection with our capital spending programs. At March 31, 2007, we had approximately $3.7 million in outstanding purchase commitments. These commitments primarily relate to announced expansions of our DEP South Texas NGL Pipeline System (Phase II) and Mont Belvieu Caverns' storage facility. Both expansions are expected to be completed in 2007.

Note 15. Supplemental Cash Flow Information

The net effect of changes in operating assets and liabilities is as follows for the periods indicated:

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For The Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
Decrease (increase) in:			
Accounts receivable	$(14,504)	$ 8,088	$ 26,148
Inventories	2,110	4,169	(3,139)
Prepaid and other current assets	(275)	13	(146)
Other assets	14	—	—
Increase (decrease) in:			
Accounts payable	44,426	65	(572)
Accrued gas payable	7,982	(13,080)	(26,587)
Accrued expenses	(5,855)	(7,148)	(4,582)
Accrued interest	107	—	—
Other current liabilities	2,254	(2,841)	(4,204)
Other long-term liabilities	—	(20)	5
Net effect of changes in operating accounts	$ 36,259	$(10,754)	$(13,077)

On certain of our capital projects, third parties are obligated to reimburse us for all or a portion of project expenditures based on activities initiated by the party. The majority of such arrangements are associated with projects related to pipeline construction and well tie-ins. We received $0.2 million, $0.3 million and $14 thousand as contributions in aid of our construction costs during the two months ended March 31, 2007, the month of January 2007 and the three months ended March 31, 2006, respectively.

Accounts payable related to our capital spending projects totaled $8.0 million, $16.1 million and $12.5 million at March 31, 2007, January 31, 2007 and December 31, 2006, respectively.

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

For the three months ended March 31, 2007 and 2006.

The following information should be read in conjunction with our Unaudited Condensed Consolidated Financial Statements and our accompanying notes included under Item 1 of this quarterly report on Form 10-Q and with the information contained within our annual report on Form 10-K for the year ended December 31, 2006. Our discussion and analysis includes the following:

- Overview of Business.
- Results of Operations — Discusses material quarter-to-quarter variances in our Unaudited Condensed Statements of Consolidated Operations.
- Liquidity and Capital Resources — Addresses available sources of liquidity and analyzes cash flows.
- Critical Accounting Policies — Presents accounting policies that are among the most significant to the portrayal of our financial condition and results of operations.
- Other Items — Includes information related to contractual obligations, off-balance sheet arrangements, related party transactions, recent accounting pronouncements and similar disclosures.

This discussion contains various forward-looking statements and information that are based on our beliefs and those of our general partner, as well as assumptions made by us and information currently available to us. When used in this document, words such as "anticipate," "project," "expect," "plan," "goal," "forecast," "intend," "could," "believe," "may" and similar expressions and statements regarding our plans and objectives for future operations, are intended to identify forward-looking statements. Although we and our general partner believe that such expectations reflected in such forward-looking statements are reasonable, neither we nor our general partner can give any assurances that such expectations will prove to be correct. Such statements are subject to a variety of risks, uncertainties and assumptions as described in more detail in Item 1A, "Risk Factors," included in our annual report on Form 10-K for 2006. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those anticipated, estimated, projected or expected. You should not put undue reliance on any forward-looking statements.

As generally used in the energy industry and in this discussion, the identified terms have the following meanings:

/d	= per day
BBtus	= billion British thermal units
Bcf	= billion cubic feet
MBPD	= thousand barrels per day
Mdth	= thousand decatherms
MMBbls	= million barrels
MMBtus	= million British thermal units
MMcf	= million cubic feet
Mcf	= thousand cubic feet
TBtu	= trillion British thermal units

Our financial statements have been prepared in accordance with generally accepted accounting standards in the United States of America ("GAAP").

Significant Relationships Referenced in this Quarterly Report

Duncan Energy Partners L.P. did not own any assets prior to February 5, 2007, which was the date it completed its initial public offering of common units. The business and operations of Duncan Energy Partners L.P. prior to February 5, 2007 are referred to as "Duncan Energy Partners Predecessor" or "Predecessor." Unless the context requires otherwise, references to "we," "us," "our," "the Partnership" or "Duncan Energy Partners" are intended to mean the business and operations of Duncan Energy Partners L.P. and its consolidated subsidiaries since February 5, 2007. When used in a historical context (i.e. prior to February 5, 2007), these terms are intended to mean the combined business and operations of Duncan Energy Partners Predecessor. For financial reporting purposes, the effective date of the closing of our initial public offering and related transactions was February 1, 2007.

References to "DEP GP" mean DEP Holdings, LLC, which is our general partner.

References to "DEP Operating Partnership" mean DEP Operating Partnership, L.P., which is a wholly owned subsidiary of Duncan Energy Partners that conducts substantially all of its business.

References to "Enterprise Products Partners" mean Enterprise Products Partners L.P., which owns 100% of Enterprise Products Operating L.P.

References to "EPOLP" mean Enterprise Products Operating L.P., which is our Parent, and its consolidated subsidiaries. EPOLP has a controlling interest in the Partnership's general partner and is a significant owner of the Partnership's common units.

References to "Enterprise Products GP" mean Enterprise Products GP, LLC, the general partner of Enterprise Products Partners.

References to "Enterprise GP Holdings" mean Enterprise GP Holdings L.P., which owns Enterprise Products GP.

References to "EPE Holdings" mean EPE Holdings, LLC, which is the general partner of Enterprise GP Holdings.

References to "TEPPCO" mean TEPPCO Partners, L.P.; a publicly traded Delaware limited partnership, which is an affiliate of us.

References to "TEPPCO GP" mean Texas Eastern Products Pipeline Company, LLC, which is the general partner of TEPPCO and owned by a private company subsidiary of EPCO, Inc.

References to "EPCO" mean EPCO, Inc., which is a related party affiliate to all of the foregoing named entities.

All of the aforementioned entities are affiliates and under common control of Dan L. Duncan, the Chairman and controlling shareholder of EPCO.

Overview of Business

Duncan Energy Partners is a publicly traded Delaware limited partnership, the common units of which are listed on the New York Stock Exchange ("NYSE") under the ticker symbol "DEP." We were formed by Enterprise Products Partners in September 2006 to acquire, own and operate a diversified portfolio of midstream energy assets. On February 5, 2007, we completed our initial public offering of 14,950,000 common units. See "— Recent Developments" for additional information regarding our initial public offering and related transactions.

We are owned 98% by our limited partners and 2% by our general partner, DEP GP, which is a wholly owned subsidiary of EPOLP. DEP GP is responsible for managing all of our operations and activities. EPCO provides all employees and certain administrative services for us.

Basis of Presentation

The historical combined financial information and operating data included in this discussion pertaining to periods prior to our initial public offering reflect the assets, liabilities and operations contributed to us by EPOLP at the closing of our initial public offering on February 5, 2007. We refer to these historical assets, liabilities and operations as the assets, liabilities and operations of Duncan Energy Partners Predecessor. We have elected February 1, 2007 as the effective closing date for financial accounting and reporting purposes with respect to Duncan Energy Partners Predecessor.

Our discussion of amounts attributable to Duncan Energy Partners Predecessor reflects EPOLP's historical ownership of these assets, liabilities and operations. The principal business entities included in the historical combined financial statements of Duncan Energy Partners Predecessor are (on a 100% basis): (i) Mont Belvieu Caverns, LLC ("Mont Belvieu Caverns"), a Delaware limited liability company; (ii) Acadian Gas, LLC ("Acadian Gas"), a Delaware limited liability company; (iii) Enterprise Lou-Tex Propylene Pipeline L.P. ("Lou-Tex Propylene"), a Delaware limited partnership, including its general partner; (iv) Sabine Propylene Pipeline L.P. ("Sabine Propylene"), a Delaware limited partnership, including its general partner; and (v) South Texas NGL Pipelines, LLC ("South Texas NGL"), a Delaware limited liability company. EPOLP contributed a 66% equity interest in each of these five entities to us on February 5, 2007. EPOLP retained the remaining 34% equity interests in each of these subsidiaries.

In addition to the aforementioned contribution of equity interests, there were changes to the historical operations and certain agreements of Duncan Energy Partners Predecessor as discussed under "Results of Operations — Factors Affecting Comparability of Results" within this Item 2. See Note 1 of the Notes to Unaudited Condensed Consolidated Financial Statements for additional information regarding the basis of presentation of our financial information.

Recent Developments

On February 5, 2007, the Partnership completed its initial public offering of 14,950,000 common units (including an overallotment amount of 1,950,000 common units) at a price of $21.00 per unit, which generated net proceeds to the Partnership of $291.9 million. As consideration for assets contributed and reimbursement for capital expenditures related to these assets, the Partnership distributed $260.6 million of these net proceeds to EPOLP, along with $198.9 million in borrowings under its revolving credit facility (see below) and a final amount of 5,351,571 common units of the Partnership. The Partnership used $38.5 million of net proceeds from the overallotment to redeem 1,950,000 of the 7,301,571 common units it had originally issued to EPOLP, resulting in the final amount of 5,351,571 common units beneficially owned by EPOLP. EPOLP used the cash it received from the Partnership to temporarily reduce amounts outstanding under its revolving credit facility.

In connection with its initial public offering, the Partnership entered into a $300 million revolving credit facility. On February 5, 2007, the Partnership borrowed $200 million under this facility to fund the $198.9 million cash distribution to EPOLP and the remainder to pay debt issuance costs. This credit facility matures in February 2011 and will be used by the Partnership in the future to fund working capital and other capital requirements and for general partnership purposes. The Partnership can increase the revolving credit facility, without consent of the lenders, by an amount not to exceed $150 million by adding to the facility one or more new lenders and/or increasing the commitments of existing lenders. The Partnership's borrowings under this credit facility are unsecured general obligations that are non-recourse to DEP GP.

The following is a brief description of the businesses of which 66% of the ownership interests were contributed to us by EPOLP effective February 1, 2007:

- Mont Belvieu Caverns owns and operates salt dome caverns and a brine system located in Mont Belvieu, Texas.

- Acadian Gas gathers, transports, stores and markets natural gas in Louisiana utilizing over 1,000 miles of high-pressure transmission lines and lateral and gathering lines with an aggregate throughput capacity of one billion cubic feet per day (the "Acadian Gas System"), including a 27-mile pipeline owned by its unconsolidated affiliate Evangeline Gas Pipeline L.P. ("Evangeline") and a leased storage cavern with three billion cubic feet of storage capacity.
- Lou-Tex Propylene owns a 263-mile pipeline used to transport chemical-grade propylene from Sorrento, Louisiana to Mont Belvieu, Texas.
- Sabine Propylene owns a 21-mile pipeline used to transport polymer-grade propylene from Port Arthur, Texas to a pipeline interconnect in Cameron Parish, Louisiana on a transport-or-pay basis.
- South Texas NGL owns a 220-mile pipeline extending from Corpus Christi, Texas to Pasadena, Texas that was purchased by EPOLP from a third party in August 2006 for $97.7 million. Beginning in January 2007, this pipeline (together with other pipelines constructed, leased or acquired since August 2006) commenced transportation of NGLs from two of EPOLP's processing facilities located in South Texas to Mont Belvieu, Texas. Collectively, these pipelines are called the DEP South Texas NGL Pipeline System.

EPOLP has owned controlling interests and operated the underlying assets of Mont Belvieu Caverns, Acadian Gas, Lou-Tex Propylene and Sabine Propylene for several years. On February 5, 2007, DEP Operating Partnership (the primary operating subsidiary of the Partnership) assumed operating responsibilities. We believe our relationship with EPOLP and Enterprise Products Partners will enhance our ability to maintain stable cash flows and optimize our economies of scale, strategic location and pipeline connections.

EPOLP may contribute other equity interests in its subsidiaries or other of its or its subsidiaries' assets to the Partnership and use the proceeds it receives to fund its capital spending program. EPOLP has no obligation or commitment to make such contributions to the Partnership.

On May 9, 2007, we expect to pay a prorated quarterly distribution of $0.244 per unit (based on our initial declared quarterly distribution of $0.40 per unit) for the 55-day period from and including February 5, 2007 (the closing date of our initial public offering) through March 31, 2007.

Capital Spending

Our capital expenditures were $48.5 million, $5.3 million and $14.4 million during the two months ended March 31, 2007, one month ended January 31, 2007 and three months ended March 31, 2006, respectively.

DEP South Texas NGL Pipeline System. We completed Phase I of our 286-mile DEP South Texas NGL Pipeline System in January 2007 and placed the asset in service. The total estimated cost of the Phase I work was approximately $135.4 million, which includes $97.7 million paid by EPOLP to acquire 220 miles of this system in August 2006.

During Phase II, we will construct 22 miles of pipeline to replace certain sections of this pipeline, including an 11-mile section that we lease from TEPPCO. The Phase II upgrade will provide a significant increase in pipeline capacity and is expected to be operational during the third quarter of 2007. We expect the total cost of the Phase II upgrades to approximate $28.6 million, of which our 66% share would be $18.9 million.

Our Predecessor and South Texas NGL spent $41.4 million on the Phase I and Phase II projects through March 31, 2007.

Mont Belvieu Caverns' Brine-Related Projects. During 2005 and 2006, we began construction of additional brine production capacity and above-ground storage reservoirs in Mont Belvieu. These projects

are expected to be operational during the second quarter of 2007. We expect our capital spending for these projects to approximate $14.1 million in 2007, of which $12.6 million was spent through March 31, 2007. Our estimated share of the cost of these projects during 2007 is estimated at $7.8 million.

Commitments. We also have short-term payment obligations relating to capital projects we have initiated. These commitments represent unconditional payment obligations to pay vendors for services to be rendered or products to be delivered in connection with our capital spending programs. At March 31, 2007, we had approximately $3.7 million in outstanding purchase commitments. These commitments primarily relate to announced expansions of our DEP South Texas NGL Pipeline System (Phase II) and Mont Belvieu Caverns' brine-related projects.

Reimbursement for Certain Expenditures. EPOLP has agreed to make additional contributions to us as reimbursement for our 66% share of any excess construction costs above (i) the $28.6 million of estimated capital expenditures to complete planned Phase II expansions of the DEP South Texas NGL Pipeline System and (ii) $14.1 million of estimated construction costs for additional planned brine production capacity and above-ground storage reservoir projects at Mont Belvieu, Texas. We retained $30.6 million of the net proceeds from our initial public offering to fund our 66% share of post-February 5, 2007 estimated construction costs and liabilities. This retained amount consists of (i) $18.9 million for the Phase II expansion of the DEP South Texas NGL Pipeline System, (ii) $7.8 million for the brine-related expansion projects and (iii) $3.9 million for remaining liabilities associated with the initial construction phase of the DEP South Texas Pipeline System.

Results of Operations

We classify our midstream energy operations in four reportable business segments: NGL & Petrochemical Storage Services, Natural Gas Pipelines & Services, Petrochemical Pipeline Services and NGL Pipeline Services. Our business segments are generally organized and managed according to the type of services rendered (or technologies employed) and products produced and/or sold.

We evaluate segment performance based on the non-GAAP financial measure of gross operating margin. Gross operating margin (either in total or by individual segment) is an important performance measure of the core profitability of our operations. This measure forms the basis of our internal financial reporting and is used by senior management in deciding how to allocate capital resources among business segments. We believe that investors benefit from having access to the same financial measures that our management uses in evaluating segment results. The GAAP measure most directly comparable to total segment gross operating margin is operating income. Our non-GAAP financial measure of total segment gross operating margin should not be considered as an alternative to GAAP operating income.

We define total (or combined) segment gross operating margin as operating income before: (i) depreciation, amortization and accretion expense; (ii) gains and losses on the sale of assets; and (iii) general and administrative expenses. Gross operating margin is exclusive of other income and expense transactions, provision for income taxes, extraordinary charges and the cumulative effect of changes in accounting principles. Gross operating margin by segment is calculated by subtracting segment operating costs and expenses (net of the adjustments noted above) from segment revenues, with both segment totals before the elimination of any intersegment and intrasegment transactions. Our combined revenues reflect the elimination of all material intercompany transactions.

We include equity earnings from Evangeline in our measurement of segment gross operating margin and operating income. Our equity investment in Evangeline is a vital component of our business strategy and important to the operations of Acadian Gas. This method of operation enables us to achieve favorable economies of scale relative to the level of investment and business risk assumed versus what we could accomplish on a stand-alone basis. Evangeline performs complementary roles to the other business operations of Acadian Gas. As circumstances dictate, we may increase our ownership interest in Evangeline or make other equity method investments.

For additional information regarding our business segments, see Note 11 of the Notes to Unaudited Condensed Consolidated Financial Statements included under Item 1 of this quarterly report.

Factors Affecting Comparability of Results

Our discussion of the financial condition and results of operations for Duncan Energy Partners Predecessor should be read in conjunction with the financial statements and Notes to Unaudited Condensed Consolidated Financial Statements of Duncan Energy Partners included under Item 1 of this quarterly report. Our future results could differ significantly from our historical results due to a variety of factors, including the following:

Partial Ownership of Operating Assets. As a result of contributions completed in connection with our initial public offering, we own 66% of the equity interests in the subsidiaries that hold our operating assets, and affiliates of EPOLP continue to own the remaining 34%. Accordingly, our discussion of results prior to February 2007 reflects 100% of the results of operations of these assets. We recognize EPOLP's current 34% ownership of our operating subsidiaries as "Parent interest in subsidiaries" in our consolidated financial statements.

No Historical Results for Our NGL Pipeline Services Segment. Our discussion of historical results prior to January 2007 does not reflect any operations related to our DEP South Texas NGL Pipeline System, which did not commence operations until January 2007.

Increase in Outstanding Indebtedness. Prior to our initial public offering, we did not have any consolidated indebtedness and, therefore, we did not have interest expense. We borrowed $200.0 million under a revolving credit facility at the time of our initial public offering, of which $198.9 million was paid to EPOLP in connection with its contribution of certain equity interests to us.

Increased Storage Fees. As a result of contracts executed in connection with our initial public offering, we increased certain storage fees charged to EPOLP for use of our facilities owned by Mont Belvieu Caverns. Historically, such intercompany charges were below market and eliminated in the consolidated revenues and costs and expenses of Enterprise Products Partners. Such rates are now market-based. See "Relationship with EPCO" under Note 12 of the Notes to Unaudited Condensed Consolidated Financial Statements for additional information regarding revenues recorded by the Predecessor versus those we record for the two months ended March 31, 2007.

Special Allocation of Storage Well and Operational Measurement Gains and Losses. Storage well measurement gains and losses occur when product movements into a storage well are different than those redelivered to customers. In connection with storage agreements entered into between EPOLP and Mont Belvieu Caverns effective concurrently with the closing of our initial public offering, EPOLP has agreed to absorb all storage well measurement gains and losses.

Operational measurement gains and losses are created when product is moved between storage wells and are attributable to pipeline and well connection measurement variances. Beginning February 2007, the Mont Belvieu Caverns' limited liability company agreement allocates to EPOLP any items of income or loss relating to net operational measurement gains and losses, including amounts that Mont Belvieu Caverns may retain as handling losses. As such, EPOLP is required each period to contribute cash to Mont Belvieu Caverns for net operational measurement losses and is entitled to receive distributions from Mont Belvieu Caverns for net operational measurement gains. We continue to record operational measurement gains and losses associated with the operation of our Mont Belvieu storage facility. However, these operational measurement gains and losses should not affect our net income or have a significant impact on us with respect to the timing of our net cash flows provided by operating activities and, accordingly, we have not established a reserve for operational measurement losses on our balance sheet.

Decrease in Propylene Transportation Rates. Beginning February 2007, the transportation fees we received from customers utilizing our Lou-Tex Propylene and Sabine Propylene Pipelines were lower

than those we realized in prior periods. Historically, EPOLP was the shipper of record on these pipelines, and we charged it the maximum tariff rate for using these assets. EPOLP then contracted with third parties to ship volumes on these pipelines under product exchange agreements. In general, the revenues recognized by EPOLP in connection with these exchange agreements were lower than the maximum tariff rate it paid us. In connection with our initial public offering, EPOLP assigned its third party product exchange agreements to us. Accordingly, the transportation fees we receive for use of our Lou-Tex Propylene and Sabine Propylene Pipelines are less than the fees we received from EPOLP prior to February 2007. See "Relationship with EPCO" under Note 12 of the Notes to Unaudited Condensed Consolidated Financial Statements for additional information regarding revenues recorded by the Predecessor versus those we record for the two months ended March 31, 2007.

Additional General and Administrative Expenses. We expect to incur additional general and administrative expenses as a result of becoming a publicly traded entity. These costs include fees associated with annual and quarterly reports to unitholders, tax returns and Schedule K-1 preparation and distribution, investor relations, registrar and transfer agent fees, incremental insurance costs, and accounting and legal services. These costs also include estimated related party amounts payable to EPCO in connection with the administrative services agreement. For additional information regarding the administrative services agreement, see Note 12 of the Notes to Unaudited Condensed Consolidated Financial Statements included under Item 1 of this quarterly report.

Selected Volumetric Data

The following table presents selected average pipeline throughput volumes for the periods indicated:

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For the Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
Natural Gas Pipelines & Services, net:			
Natural gas throughput volumes (BBtus/d)			
Natural gas transportation volumes	362	420	477
Natural gas sales volumes	256	281	289
Total natural gas throughput volumes	618	701	766
Petrochemical Pipeline Services, net:			
Propylene throughput volumes (MBPD)			
Lou-Tex Propylene Pipeline	22	24	24
Sabine Propylene Pipeline	12	13	10
Total propylene throughput volumes	34	37	34
NGL Pipeline Services, net:			
NGL transportation volumes (MBPD)			
DEP South Texas NGL Pipeline System	70	67	—

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The following table summarizes the key components of our results of operations for the periods indicated (dollars in thousands):

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For the Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
Revenues	$133,874	$66,674	$282,442
Operating costs and expenses	124,431	61,187	270,184
General and administrative costs	357	477	776
Operating income	9,132	5,035	11,636
Parent interest in income of subsidiaries	4,049	—	—
Net income	3,923	5,035	11,649

In connection with our initial public offering, EPOLP contributed to us 66% of the equity interests in Mont Belvieu Caverns, Acadian Gas, Lou-Tex Propylene, Sabine Propylene and South Texas NGL. EPOLP retained the remaining 34% equity interest in each of these entities. We account for EPOLP's share of our subsidiaries' net assets and income as Parent interest in a manner similar to minority interest.

Our gross operating margin by business segment and in total is as follows for the periods indicated (dollars in thousands):

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For the Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
Gross operating margin by segment:			
NGL & Petrochemical Storage Services	$ 6,680	$1,770	$ 3,125
Natural Gas Pipelines & Services	1,877	1,605	6,927
Petrochemical Pipeline Services	2,216	2,700	7,194
NGL Pipeline Services	3,229	1,646	—
Total segment gross operating margin	$14,002	$7,721	$17,246

For a reconciliation of non-GAAP gross operating margin to GAAP operating income and further to GAAP income before provision for income taxes and the cumulative effect of changes in accounting principles, see "Other Items — Non-GAAP reconciliations" included within this Item 2.

The following table summarizes the contribution to revenues from each business segment during the periods indicated (dollars in thousands):

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For the Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
NGL & Petrochemical Storage Services	$ 11,439	$ 5,164	$ 13,223
Natural Gas Pipelines & Services	116,295	56,769	260,754
Petrochemical Pipeline Services	2,675	2,990	8,465
NGL Pipeline Services	3,465	1,751	—
Total revenues	$133,874	$66,674	$282,442

Comparison of Three Months Ended March 31, 2007 with Three Months Ended March 31, 2006

As mentioned above in "Factors Affecting Comparability of Results," there are several factors that affect the comparability of our results for the first quarter of 2007 and the first quarter of 2006. Amounts referenced below for the first quarter of 2007 reflect the combined results of Duncan Energy Partners Predecessor for January 2007 and the consolidated results of the Partnership for February and March 2007. Likewise, amounts referenced below for the first quarter of 2006 reflect the combined results of Duncan Energy Partners Predecessor.

Revenues for the first quarter of 2007 were $200.5 million compared to $282.4 million for the first quarter of 2006. The decrease in revenues quarter-to-quarter is primarily due to lower revenues associated with natural gas marketing activities. Revenues from the sale of natural gas decreased $87.5 million quarter-to-quarter primarily due to lower natural gas sales prices. Revenues from our NGL and petrochemical storage business increased $3.4 million quarter-to-quarter primarily due to higher storage fee revenues. Revenues from propylene transportation decreased $2.8 million quarter-to-quarter due to lower transportation rates. In addition, the first quarter of 2007 includes $5.2 million of revenues from the DEP South Texas NGL Pipeline System, which was placed in-service in January 2007.

Operating costs and expenses were $185.6 million for the first quarter of 2007 compared to $270.2 million for the first quarter of 2006. The quarter-to-quarter decrease in combined costs and expenses is primarily due to a decrease in the cost of sales associated with our natural gas marketing activities. The cost of sales of our natural gas marketing activities decreased $86.6 million quarter-to-quarter primarily due to lower natural gas prices. General and administrative costs increased $0.1 million quarter-to-quarter. Equity earnings from Evangeline were $0.1 million for the first quarter of 2007 compared to $0.2 million for the first quarter of 2006.

Changes in our revenues and costs and expenses quarter-to-quarter are explained in part by changes in energy commodity prices. In general, higher natural gas prices result in an increase in our combined revenues attributable to the sale of natural gas by Acadian Gas; however, these same commodity prices also increase the associated cost of sales as purchase prices rise. The market price of natural gas (as measured at Henry Hub) averaged $6.77 per MMBtu for the first quarter of 2007 versus $9.01 per MMBtu for the first quarter of 2006.

To a lesser extent, changes in our revenues and costs and expenses are attributable to demand for NGL and petrochemical storage services. Demand for storage services affects the reservation, excess storage and throughput fee revenues earned by our NGL and petrochemical storage business. In turn, demand for our storage services is driven by factors such as demand for petrochemical feedstocks by the petrochemical industry and the quantity of NGLs extracted from natural gas streams at regional gas processing facilities.

Operating income for the first quarter of 2007 was $14.2 million compared to $11.6 million for the first quarter of 2006. Collectively, the aforementioned changes in revenues, costs and expenses and equity earnings contributed to the $2.6 million increase in operating income quarter-to-quarter. Interest expense increased $1.1 million quarter-to-quarter attributable to debt we borrowed at the time of our initial public offering. In addition, the first quarter of 2007 includes $4.0 million of expense for "Parent interest in income of subsidiaries," which represents EPOLP's current 34% ownership interest in each of our operating subsidiaries.

As a result of the items noted in the previous paragraphs, our net income decreased $2.6 million quarter-to-quarter to $9.0 million for the first quarter of 2007 compared to $11.6 million for the first quarter of 2006. Net income for the first quarter of 2006 includes the recognition of non-cash amounts related to a cumulative effect of change in accounting principle. For additional information regarding the cumulative effect of change in accounting principle we recorded in the first quarter of 2006, see "Other Items" below.

The following information highlights significant quarter-to-quarter variances in gross operating margin by business segment.

NGL & Petrochemical Storage Services. Gross operating margin from this business segment was $8.5 million for the first quarter of 2007 compared to $3.1 million for the first quarter of 2006. Revenues increased $3.4 million quarter-to-quarter primarily due to higher storage fees. Operating costs and expenses decreased $2.0 million quarter-to-quarter attributable to reduced measurement losses, which were partially offset by higher utility and maintenance costs during the first quarter of 2007 relative to the first quarter of 2006. In addition, operating costs and expenses for the first quarter of 2006 includes $0.3 million of storage fees we paid to a third party to accommodate overflow storage volumes.

Storage revenues for the first quarter of 2007 were $3.1 million higher than the first quarter of 2006 primarily as a result of contracts executed in connection with our initial public offering, which increased certain storage fees charged to EPOLP. Historically, such intercompany charges were below market and eliminated in the consolidated revenues and costs and expenses of Enterprise Products Partners. The changes in these contracts resulted in a $1.8 million increase in storage revenues for the first quarter of 2007 compared to the first quarter of 2006. In addition, our storage revenues increased $1.3 million quarter-to-quarter primarily due to higher storage volumes, which increased reservation and excess storage and throughput revenues. Brine production revenues increased $0.3 million quarter-to-quarter.

Natural Gas Pipelines & Services. Gross operating margin from this business segment was $3.5 million for the first quarter of 2007 compared to $6.9 million for the first quarter of 2006, a $3.4 million decrease quarter-to-quarter. Natural gas throughput volumes decreased to 647 BBtu/d during the first quarter of 2007 from 766 BBtu/d during the first quarter of 2006. Segment gross operating margin decreased $2.3 million quarter-to-quarter attributable to our collection of a contingent asset during the first quarter of 2006 that related to a prior business acquisition. The remainder of the quarter-to-quarter decrease in segment gross operating margin is attributable to lower natural gas sales margins and higher pipeline integrity costs in the first quarter of 2007 relative to the first quarter of 2006. The first quarter of 2006 benefited from higher natural gas sales margins as a result of service disruptions following Hurricane Katrina. Also, equity earnings from our investment in Evangeline decreased $0.1 million quarter-to-quarter.

Petrochemical Pipeline Services. Gross operating margin from this business segment was $4.9 million for the first quarter of 2007 compared to $7.2 million for the first quarter of 2006. Petrochemical transportation volumes increased to 36 MBPD during the first quarter of 2007 from 34 MBPD during the first quarter of 2006. Transportation revenues decreased $2.8 million quarter-to-quarter attributable to lower transportation rates. Historically, EPOLP was the shipper of record on our petrochemical pipelines, and we charged EPOLP the maximum tariff rate for using these assets. EPOLP then contracted with third parties to ship volumes on these pipelines under product exchange agreements. In general, the revenues recognized by EPOLP in connection with these exchange agreements were lower than the maximum tariff rate it paid us. In connection with our initial public offering, EPOLP assigned its third party product exchange agreements to us. Accordingly, the transportation fees we receive for use of our Lou-Tex Propylene and Sabine Propylene Pipelines are less than the fees we received from EPOLP prior to February 2007.

Operating costs and expenses decreased $0.5 million quarter-to-quarter primarily due to a reduction in property taxes associated with the Lou-Tex Propylene Pipeline. During 2006, we successfully negotiated a lower property tax rate with the Louisiana state taxing authority.

NGL Pipeline Services. Gross operating margin from this business segment was $4.9 million for the first quarter of 2007. NGL transportation volumes were 69 MBPD during the first quarter of 2007. Results from this segment are attributable to the DEP South Texas NGL Pipeline System, which was placed in-service during January 2007.

Liquidity and Capital Resources

Our primary cash requirements, in addition to normal operating and general and administrative expenses are for capital expenditures, business acquisitions, distributions to partners and debt service. We expect to fund our short-term needs for such items as operating expenses and sustaining capital expenditures with cash flows from operations and borrowings under our revolving credit facility. Capital expenditures for long-term needs resulting from internal growth projects and business acquisitions are expected to be funded by a variety of sources (either separately or in combination), including cash flows from operations, borrowings under our revolving credit facility, and the issuance of debt securities or additional equity. We expect to fund cash distributions to partners primarily with cash flows from operations. Debt service requirements are expected to be funded by cash flows from operations or refinancing arrangements.

Initial Public Offering

On February 5, 2007, we completed our initial public offering of 14,950,000 common units (including an overallotment amount of 1,950,000 common units) at a price of $21.00 per unit, which generated net proceeds of $291.9 million after deducting applicable underwriting discounts, commissions, structuring fees and other offering expenses. As consideration for assets contributed and reimbursement for capital expenditures related to these assets, we distributed $260.6 million of these net proceeds to EPOLP, along with $198.9 million in borrowings under our revolving credit facility (see below) and a final amount of 5,351,571 of our common units. We used $38.5 million of net proceeds from the overallotment to redeem 1,950,000 of the 7,301,571 common units we had originally issued to EPOLP, resulting in the final amount of 5,351,571 common units beneficially owned by EPOLP. EPOLP was also granted 100% of the general partner interest in us. EPOLP used the cash it received from us to temporarily reduce amounts outstanding under its revolving credit facility.

Revolving Credit Facility

On February 5, 2007, we entered into a $300.0 million revolving credit facility having a $30.0 million sublimit for Swingline loans. We may also issue up to $300.0 million of letters of credit under this facility. Letters of credit outstanding under this facility reduce the amount available for borrowings. At the closing of our initial public offering, we made an initial draw of $200.0 million under this facility to fund the $198.9 million cash distribution to EPOLP and the remainder to pay debt issuance costs. At March 31, 2007, the balance outstanding under this facility was $169.0 million.

This credit facility matures in February 2011 and will be used by us in the future to fund working capital and other capital requirements and for general partnership purposes. We may make up to two requests for one-year extensions of the maturity date (subject to certain restrictions). The revolving credit facility is also available to help fund distributions. We can increase the borrowing capacity under our revolving credit facility, without consent of the lenders, by an amount not to exceed $150.0 million, by adding to the facility one or more new lenders and/or increasing the commitments of existing lenders. No lender is required to increase its commitment, unless it agrees to do so in its sole discretion.

Our revolving credit facility offers the following unsecured loans, each having different interest requirements: (i) London Interbank Offered Rate (“LIBOR”) loans bear interest at a rate per annum equal to LIBOR plus the applicable LIBOR margin (as defined in the credit agreement), (ii) Base Rate loans bear interest at a rate per annum equal to the higher of (a) the rate of interest publicly announced by the administrative agent, Wachovia Bank, National Association, as its Base Rate and (b) 0.5% per annum above the Federal Funds Rate in effect on such date. Swingline loans bear interest at a rate per annum equal to LIBOR plus an applicable LIBOR margin.

Our revolving credit facility requires us to maintain a leverage ratio for the prior four fiscal quarters of not more than 4.75 to 1.00 at the last day of each fiscal quarter commencing June 30, 2007; provided that, upon the closing of a permitted acquisition, such ratio shall not exceed (a) 5.25 to 1.00 at the last day of the fiscal quarter in which such specified acquisition occurred and at the last day of each of the

two fiscal quarters following the fiscal quarter in which such specified acquisition occurred, and (b) 4.75 to 1.00 at the last day of each fiscal quarter thereafter. In addition, prior to obtaining an investment-grade rating by Standard & Poor's Ratings Services, Moody's Investors Service or Fitch Ratings, our interest coverage ratio, for the prior four fiscal quarters shall not be less than 2.75 to 1.00 at the last day of each fiscal quarter commencing June 30, 2007.

If an event of default exists under the credit agreement, the lenders will be able to accelerate the maturity date of amounts borrowed under the credit agreement and exercise other rights and remedies. See Note 8 of the Notes to Unaudited Condensed Consolidated Financial Statements for a summary of such covenants and events of default.

Cash Flows from Operating, Investing and Financing Activities

The following table summarizes our cash flows from operating, investing and financing activities for the periods indicated (dollars in thousands). For information regarding the individual components of our cash flow amounts, please see the Unaudited Condensed Statements of Consolidated Cash Flows included under Item 1 of this quarterly report.

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For The Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
Net cash flow provided by (used in) operating activities	$ 48,696	$(3,535)	$ 3,190
Net cash used in investing activities	(48,375)	(4,999)	(14,397)
Net cash provided by financing activities	3,773	8,534	11,207

We have presented our cash flow information following the completion of our initial public offering separately from those pertaining to Duncan Energy Partners Predecessor. We acquired substantially all of the assets and operations of the Predecessor that are included in our consolidated financial statements. There are a number of agreements and other items that went into effect at the time of our initial public offering that affect the comparability of our current operating results with the historical operating results of Duncan Energy Partners Predecessor. For information regarding factors affecting the comparability of our operating results, see "Results of Operations" within this Item 2.

Comparison of Three Months Ended March 31, 2007 with Three Months Ended March 31, 2006

The following information highlights significant factors affecting our cash flow amounts:

Operating activities. Net cash provided by (or used in) operating activities is primarily influenced by earnings and the timing of cash receipts from sales and cash payments for purchases and other expenses between periods. Net cash provided by operating activities for the two months ended March 31, 2007 was $48.7 million. This amount is attributable to strong earnings (as indicated by $14.0 million of gross operating margin for the period) and the net effect of changes in operating accounts. With respect to changes in our operating accounts, our accounts payable balances at the end of the first quarter of 2007 increased with respect to balances at January 31, 2007 primarily due to the timing of payments.

Duncan Energy Partners Predecessor used $3.5 million of operating cash flows in January 2007 and generated $3.2 million of such cash flows during the three months ended March 31, 2006.

Investing activities. On a combined quarterly basis, net cash used in investing activities was $53.4 million for the three months ended March 31, 2007 compared to $14.4 million for the three months ended March 31, 2006. The $39.0 million increase in cash payments is primarily due to higher capital expenditures quarter-to-quarter.

We retained $30.6 million of the net proceeds from our initial public offering to fund our 66% share of post-February 1, 2007 estimated construction costs and liabilities. For additional information regarding our capital spending program, see "Overview of Business — Capital Spending" within this Item 2.

Financing activities. Net cash provided by financing activities for the two months ended March 31, 2007 was $3.8 million. On February 5, 2007, we completed our initial public offering of 14,950,000 common units (including an overallotment amount of 1,950,000 common units) at a price of $21.00 per unit, which generated net proceeds of $291.9 million after deducting applicable underwriting discounts, commissions, structuring fees and other offering expenses. As consideration for assets contributed and reimbursement for capital expenditures related to these assets, we distributed $260.6 million of these net proceeds to EPOLP, along with $198.9 million in borrowings under our revolving credit facility and a final amount of 5,351,571 of our common units. EPOLP used the $459.5 million in cash it received from us to temporarily reduce amounts outstanding under its revolving credit facility.

As a result of contributions EPOLP made to us at the time of our initial public offering, it owns a 34% interest in certain of our operating subsidiaries and is responsible for funding its share of the cash calls of these subsidiaries. It also receives 34% of the cash distributions paid by these subsidiaries. For the two months ended March 31, 2007, EPOLP contributed a net $3.0 million to these entities primarily due to capital expenditure commitments of these subsidiaries.

Prior to our initial public offering, we operated within the EPOLP cash management program. For purposes of presentation in the Unaudited Condensed Statements of Consolidated Cash Flows, cash flows provided by financing activities prior to February 1, 2007 represent deemed contributions from our prior owners equal to net cash used in investing activities less net cash provided by operating activities. Net cash contributions from owners were $8.5 million for the month of January 2007 and $11.2 million for the three months ended March 31, 2006. As a result of this procedure, our financial statements prior to February 1, 2007 do not present cash balances.

Critical Accounting Policies

In our financial reporting process, we employ methods, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of our financial statements. These methods, estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period. Investors should be aware that actual results could differ from these estimates if the underlying assumptions prove to be incorrect.

In general, there have been no significant changes in our critical accounting policies since December 31, 2006. For a detailed discussion of these policies, please read "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies" in our annual report on Form 10-K for 2006. The following describes the current estimation risk underlying our most significant financial statement items:

Depreciation methods and estimated useful lives of property, plant and equipment

In general, depreciation is the systematic and rational allocation of an asset's cost, less its residual value (if any), to the periods it benefits. The majority of our property, plant and equipment is depreciated using the straight-line method, which results in depreciation expense being incurred evenly over the life of the assets. Our estimate of depreciation incorporates assumptions regarding the useful economic lives and residual values of our assets. At the time we place our assets in service, we believe such assumptions are reasonable; however, circumstances may develop that would cause us to change these assumptions, which would change our depreciation amounts prospectively.

At March 31, 2007 and December 31, 2006, the net book value of our property, plant and equipment was $762.3 million and $707.6 million, respectively. We recorded $6.7 million and $4.8 million in depreciation expense for the three months ended March 31, 2007 and 2006, respectively. For additional

information regarding our property, plant and equipment, see Note 5 of the Notes to Unaudited Condensed Consolidated Financial Statements included under Item 1 of this quarterly report.

Measuring recoverability of long-lived assets and equity method investments

In general, long-lived assets (including intangible assets with finite useful lives and property, plant and equipment) are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An equity method investment is evaluated for impairment whenever events or changes in circumstances indicate that there is a possible loss in value of the investment other than a temporary decline. Measuring the potential impairment of such assets and investments involves the estimation of future cash flows to be derived from the asset being tested. Our estimates of such cash flows are based on a number of assumptions including anticipated margins and volumes; estimated useful life of the asset or asset group; and salvage values. A significant change in these underlying assumptions could result in our recording an impairment charge.

We did not recognize any asset impairment charges during the periods presented. In addition, we did not recognize any impairment charges related to our Evangeline unconsolidated affiliate during the periods presented.

Amortization methods and estimated useful lives of qualifying intangible assets

The specific, identifiable intangible assets of a business enterprise depend largely upon the nature of its operations. The method used to value each intangible asset will vary depending upon the nature of the asset, the business in which it is utilized, and the economic returns it is generating or is expected to generate. If our underlying assumptions regarding the estimated useful life of an intangible asset change, then the amortization period for such asset would be adjusted accordingly. Additionally, if we determine that an intangible asset's unamortized cost may not be recoverable due to impairment, we may be required to reduce the carrying value and the subsequent useful life of the asset. Any such write-down of the value and unfavorable change in the useful life of an intangible asset would increase operating costs and expenses at that time.

At March 31, 2007 and December 31, 2006, the net book values of our intangible assets were $6.9 million and $7.0 million, respectively. We recorded $58 thousand in amortization expense for each of the three months ended March 31, 2007 and 2006, respectively. For additional information regarding our intangible assets, see Note 7 of the Notes to Unaudited Condensed Consolidated Financial Statements included under Item 1 of this quarterly report.

Our revenue recognition policies and use of estimates for revenues and expenses

We make estimates for certain revenue and expense items due to time constraints on the financial accounting and reporting process. At times, we must estimate revenues from a customer before we actually bill the customer or accrue an expense we incur before physically receiving a vendor's invoice. Such estimates reverse in the following period and are offset by our recording the actual customer billing and vendor invoice amounts. If the basis of our estimates proves to be substantially incorrect, it could result in material adjustments in results of operations between periods. For all periods presented, our revenue and cost estimates were substantially the same as the actual amounts.

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Other Items

Contractual Obligations

With the exception of the $200.0 million of debt we incurred in connection with our initial public offering in February 2007, there have been no significant changes in our contractual obligations since those reported in our annual report on Form 10-K for the year ended December 31, 2006. See Note 8 of the Notes to Unaudited Condensed Consolidated Financial Statements included under Item 1 of this quarterly report for additional information regarding our credit facility.

Off-Balance Sheet Arrangements

There have been no significant changes with regards to our off-balance sheet arrangements since those reported in our annual report on Form 10-K for the year ended December 31, 2006.

Summary of Related Party Transactions

The following table summarizes our related party transactions for the periods indicated (dollars in thousands).

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For the Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
Revenues:			
EPOLP	$ 10,130	$ 8,602	$ 25,364
Evangeline	32,250	15,415	78,220
Total	$ 42,380	$ 24,017	$ 103,584
Operating costs and expenses:			
EPCO	$ 2,613	$ 2,487	$ 8,857
EPOLP	1,740	654	4,338
Evangeline	—	8	—
Total	$ 4,353	$ 3,149	$ 13,195
General and administrative costs:			
EPCO	$ 224	$ 455	$ 753

For additional information regarding our related party transactions, see Note 12 of the Notes to Unaudited Condensed Consolidated Financial Statements included under Item 1 of this quarterly report.

We have an extensive and ongoing relationship with EPCO and its affiliates, including TEPPCO. Our relationship with EPOLP includes various storage contracts, transportation agreements and partnership interests held by EPOLP in us. Our relationship with TEPPCO involves the lease of certain pipelines that are currently used by our DEP South Texas NGL Pipeline System. Our relationship with EPCO includes the provision of employees to us and other arrangements as governed by the EPCO administrative services agreement.

Non-GAAP reconciliations

A reconciliation of our measurement of total non-GAAP gross operating margin to GAAP operating income and further to GAAP income before the cumulative effect of a change in accounting principle follows (dollars in thousands):

	Duncan Energy Partners	Duncan Energy Partners Predecessor	
	For the Two Months Ended March 31, 2007	One Month Ended January 31, 2007	For the Three Months Ended March 31, 2006
Total segment gross operating margin	$ 14,002	$ 7,721	$ 17,246
Adjustments to reconcile total non-GAAP segment gross operating margin to operating income:			
Depreciation, amortization and accretion in operating costs and expenses	(4,515)	(2,209)	(4,841)
Gain on sale of assets in operating costs and expenses	2	—	7
General and administrative costs	(357)	(477)	(776)
Operating income	9,132	5,035	11,636
Other income (expense), net	(987)	—	4
Provision for income taxes	(173)	—	—
Parent interest in income of subsidiaries	(4,049)	—	—
Income before the cumulative effect of a change in accounting principle	$ 3,923	$ 5,035	$ 11,640

Cumulative effect of a change in accounting principle

We recognized, as a nominal benefit, the cumulative effect of a change in accounting principle of $9 thousand in January 2006 due to the implementation of Statement of Financial Accounting Standards (“SFAS”) 123(R), “Share-Based Payment.”

Recent Accounting Pronouncements

The accounting standard setting bodies and the SEC have recently issued the following accounting guidance that will or may affect our financial statements:

- SFAS 157, “Fair Value Measurements,” and
- SFAS 159, “Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115.”

For additional information regarding these recent accounting developments and others that may affect our future financial statements, see Note 2 of the Notes to Unaudited Condensed Consolidated Financial Statements included under Item 1 of this quarterly report.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*.

We use financial instruments to secure certain fixed price natural gas sales contracts (referred to as “customer fixed-price arrangements”). We also enter into a limited number of cash flow hedges in connection with such business. We recognize such instruments on the balance sheet as assets or liabilities based on an instrument’s fair value. Fair value is generally defined as the amount at which the financial instrument could be exchanged in a current transaction between willing parties, not in a forced or liquidation sale. Changes in fair value of financial instrument contracts are recognized currently in earnings unless specific hedge accounting criteria are met.

Commodity financial instrument portfolio

In addition to its natural gas transportation business, Acadian Gas engages in the purchase and sale of natural gas to third party customers in the Louisiana area. The price of natural gas fluctuates in response to changes in supply, market uncertainty, and a variety of additional factors that are beyond our control. We may use commodity financial instruments such as futures, swaps and forward contracts to mitigate such risks. In general, the types of risks we attempt to hedge are those related to the variability of future earnings and cash flows resulting from changes in applicable commodity prices. The commodity financial instruments we utilize may be settled in cash or with another financial instrument. As a matter of policy, we do not use financial instruments for speculative (or “trading”) purposes.

Acadian Gas also enters into a small number of cash flow hedges in connection with its purchase of natural gas held-for-sale to third parties. In addition, Acadian Gas enters into a limited number of offsetting financial instruments that effectively fix the price of natural gas for certain of its customers.

Historically, the use of commodity financial instruments by Acadian Gas was governed by policies established by the general partner of Enterprise Products Partners. Our general partner now monitors the hedging strategies associated with the physical and financial risks of Acadian Gas, approves specific activities subject to the policy (including authorized products, instruments and markets) and establishes specific guidelines and procedures for implementing and ensuring compliance with the policy.

The fair value of our commodity financial instrument portfolio was a liability of $31 thousand at March 31, 2007 and a negligible amount at December 31, 2006. We recorded losses of $0.4 million and gain of $6 thousand related to our commodity financial instruments for the three months ended March 31, 2007 and 2006, respectively.

We assess the risk of our commodity financial instrument portfolio using a sensitivity analysis model. The sensitivity analysis applied to this portfolio measures the potential income or loss (i.e., the change in fair value of the portfolio) based upon a hypothetical 10% movement in the underlying quoted market prices of the commodity financial instruments outstanding at the dates indicated within the following table. The following table presents the effect of hypothetical price movements on the estimated fair value (“FV”) of this portfolio at the dates presented (dollars in thousands):

Scenario	Resulting Classification	Commodity Financial Instrument Portfolio FV	
		March 31, 2007	April 10, 2007
FV assuming no change in underlying commodity prices	*Asset (Liability)*	$ (31)	$ 29
FV assuming 10% increase in underlying commodity prices	*Asset (Liability)*	418	484
FV assuming 10% decrease in underlying commodity prices	*Asset (Liability)*	(479)	(426)

Product purchase commitments

Acadian Gas has a long-term natural gas purchase contract with a third party. This purchase agreement expires in January 2013. Our purchase price under this contract approximates the market price of natural gas at the time we take delivery of the volumes. For additional information regarding our commitments, see Note 14 of the Notes to Unaudited Condensed Consolidated Financial Statements included under Item 1 of this quarterly report.

Item 4. *Controls and Procedures*.

Our management, with the participation of the chief executive officer (“CEO”) and chief financial officer (“CFO”) of DEP GP, has evaluated the effectiveness of our disclosure controls and procedures, including internal controls over financial reporting, as of the end of the period covered by this report. Based on their evaluation, the CEO and CFO of DEP GP have concluded that our disclosure controls and procedures are effective to ensure that material information relating to our partnership is made known to management on a timely basis. Our CEO and CFO noted no material weaknesses in the design or operation

of our internal controls over financial reporting that are likely to adversely affect our ability to record, process, summarize and report financial information. Also, they detected no fraud involving management or employees who have a significant role in our internal controls over financial reporting.

There have been no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) that have not been evaluated by management and no other factors that occurred during our last fiscal quarter that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

Collectively, these disclosure controls and procedures are designed to provide us with reasonable assurance that the information required to be disclosed in our periodic reports filed with the SEC is (i) recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. Our management does not expect that our disclosure controls and procedures will prevent all errors and all fraud. Based on the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Partnership have been detected.

The certifications of our general partner's CEO and CFO required under Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 have been included as exhibits to this quarterly report on Form 10-Q.

PART II. OTHER INFORMATION.

Item 1. *Legal Proceedings*.

See Part I, Item 1, Financial Statements, Note 14, "Commitments and Contingencies — Litigation," of the Notes to Unaudited Condensed Consolidated Financial Statements included under Item 1 of this quarterly report, which is incorporated herein by reference.

Item 1A. *Risk Factors*.

In general, there have been no significant changes in our risk factors since December 31, 2006. For a detailed discussion of our risk factors, please read, Item 1A "Risk Factors," in our annual report on Form 10-K for 2006.

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

On February 5, 2007, we completed our initial public offering. See "Overview of Business — Recent Developments" included under Part I, Item 2 for information regarding the net proceeds generated by this offering and the subsequent use of proceeds. We did not repurchase any of our common units during the three months ended March 31, 2007.

Item 3. *Defaults Upon Senior Securities*.

None.

Item 4. *Submission of Matters to a Vote of Unit Holders*.

None.

Item 5. *Other Information*.

None.

Item 6. *Exhibits*.

Exhibit Number	Exhibit *
3.1	Certificate of Limited Partnership of Duncan Energy Partners L.P. (incorporated by reference to Exhibit 3.1 to Form S-1 Registration Statement (Reg. No. 333-138371) filed November 2, 2006).
3.2	Amended and Restated Agreement of Limited Partnership of Duncan Energy Partners L.P., dated February 5, 2007 (incorporated by reference to Exhibit 3.1 to Form 8-K filed February 5, 2007).
3.3	Certificate of Formation of DEP Holdings, LLC (incorporated by reference to Exhibit 3.3 to Form S-1 Registration Statement (Reg. No. 333-138371) filed November 2, 2006).
3.4#	Amended and Restated Limited Liability Company Agreement of DEP Holdings, LLC, dated May 3, 2007.
3.5	Certificate of Formation of DEP OLPGP, LLC (incorporated by reference to Exhibit 3.5 to Form S-1 Registration Statement (Reg. No. 333-138371) filed November 2, 2006).
3.6	Amended and Restated Limited Liability Company Agreement of DEP OLPGP, LLC, dated January 19, 2007 (incorporated by reference to Exhibit 3.6 to Amendment No. 3 to Form S-1 Registration Statement (Reg. No. 333-138371) filed January 22, 2007).
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* With respect to exhibits incorporated by reference to Exchange Act filings, the Commission file number for Enterprise GP Holdings L.P. is 1-32610.

*** Identifies management contract and compensatory plan arrangements.

\+ Portions of these exhibits have been omitted and filed separately with the Commission pursuant to a confidential treatment request under Rule 406 of the Securities Act of 1933, as amended.

\# Filed with this report.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this quarterly report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized, in the City of Houston, State of Texas on May 4, 2007.

DUNCAN ENERGY PARTNERS L.P.
(A Delaware Limited Partnership)

By: DEP Holdings, LLC,
as General Partner

By: /s/ Michael J. Knesek
Name: Michael J. Knesek
Title: Senior Vice President, Controller
and Principal Accounting Officer
of the General Partner

Exhibit Index

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Filed with this report.

Exhibit 3.4

SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

OF

DEP HOLDINGS, LLC
A Delaware Limited Liability Company

SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
DEP HOLDINGS, LLC
A Delaware Limited Liability Company

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SECOND AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
DEP HOLDINGS, LLC
A Delaware Limited Liability Company

THIS SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "***Agreement***") of DEP HOLDINGS, LLC, a Delaware limited liability company (the "***Company***"), executed on May 3, 2007 (the "***Effective Date***"), is adopted, executed and agreed to, by Enterprise Products Operating L.P., a Delaware limited liability company, as the sole Member of the Company ("***Enterprise Products OLP***").

RECITALS

A. The Company was formed on September 29, 2006 by the filing of the Certificate of Formation with the Secretary of State of the State of Delaware.

B. The Limited Liability Company Agreement of the Company was executed effective September 29, 2006 by its sole Member, Enterprise Products OLP.

C. The First Amended and Restated Limited Liability Company Agreement was executed effective January 30, 2007 (the "***Existing Agreement***").

C. Enterprise Products OLP deems it advisable to amend and restate the Existing Agreement in its entirety as set forth herein.

ARTICLE 1
DEFINITIONS

1.01 Definitions. Each capitalized term used herein shall have the meaning given such term in Attachment I.

1.02 Construction. Unless the context requires otherwise: (a) the gender (or lack of gender) of all words used in this Agreement includes the masculine, feminine and neuter; (b) references to Articles and Sections refer to Articles and Sections of this Agreement; (c) references to Laws refer to such Laws as they may be amended from time to time, and references to particular provisions of a Law include any corresponding provisions of any succeeding Law; (d) references to money refer to legal currency of the United States of America; (e) "including" means "including without limitation" and is a term of illustration and not of limitation; (f) all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural; and (g) neither this Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsperson hereof or thereof.

ARTICLE 2
ORGANIZATION

2.01 Formation. The Company was organized as a Delaware limited liability company by the filing of a Certificate of Formation ("***Organizational Certificate***") on September 29, 2006 with the Secretary of State of the State of Delaware under and pursuant to the Act.

2.02 Name. The name of the Company is "DEP Holdings, LLC" and all Company business must be conducted in that name or such other names that comply with Law as the Board of Directors may select.

2.03 Registered Office; Registered Agent; Principal Office; Other Offices. The registered office of the Company required by the Act to be maintained in the State of Delaware shall be the office of the initial registered agent for service of process named in the Organizational Certificate or such other office (which need not be a place of business of the Company) as the Board of Directors may designate in the manner provided by Law. The registered agent for service of process of the Company in the State of Delaware shall be the initial registered agent for service of process named in the Organizational Certificate or such other Person or Persons as the Board of Directors may designate in the manner provided by Law. The principal office of the Company in the United States shall be at such a place as the Board of Directors may from time to time designate, which need not be in the State of Delaware, and the Company shall maintain records there and shall keep the street address of such principal office at the registered office of the Company in the State of Delaware. The Company may have such other offices as the Board of Directors may designate.

2.04 Purpose. The purposes of the Company are the transaction of any or all lawful business for which limited liability companies may be organized under the Act; *provided*, *however*, that for so long as it is the general partner of the MLP, the Company's sole business will be (a) to act as the general partner or managing member of the MLP and any other partnership or limited liability company of which the MLP is, directly or indirectly, a partner or managing member and to undertake activities that are ancillary or related thereto and (b) to acquire, own or Dispose of debt or equity securities in the MLP. The Company shall, and shall cause the MLP to, maintain at all times a sufficient number of employees in light of its then current business operations, if adequate personnel and services are not provided to the Company and the MLP under the Administrative Services Agreement.

2.05 Term. The period of existence of the Company commenced on September 29, 2006 and shall end at such time as a Certificate of Cancellation is filed in accordance with Section 9.02(c).

2.06 No State-Law Partnership; Withdrawal. It is the intent that the Company shall be a limited liability company formed under the Laws of the State of Delaware and shall not be a partnership (including a limited partnership) or joint venture, and that the Members not be a partner or joint venturer of any other party for any purposes other than federal and state tax purposes, and this Agreement may not be construed to suggest otherwise. A Member does not have the right to Withdraw from the Company; *provided*, *however*, that a Member shall have the

power to Withdraw at any time in violation of this Agreement. If a Member exercises such power in violation of this Agreement, (a) such Member shall be liable to the Company and its Affiliates for all monetary damages suffered by them as a result of such Withdrawal; and (b) such Member shall not have any rights under Section 18.604 of the Act. In no event shall the Company have the right, through specific performance or otherwise, to prevent a Member from Withdrawing in violation of this Agreement.

2.07 Certain Undertakings Relating to the Separateness of the MLP Group.

(a) Separateness Generally. The Company shall, and shall cause the members of the MLP Group to, conduct their respective businesses and operations separate and apart from those of any other Person (including EPCO and its Subsidiaries, other than the Company and/or the MLP Group), except the Company and/or one or more members of the MLP Group, in accordance with this Section 2.07.

(b) Separate Records. The Company shall, and shall cause the MLP to, (i) maintain their respective books and records and their respective accounts separate from those of any other Person, (ii) maintain their respective financial records, which will be used by them in their ordinary course of business, showing their respective assets and liabilities separate and apart from those of any other Person, except their consolidated Subsidiaries, (iii) not have their respective assets and/or liabilities included in a consolidated financial statement of any Affiliate of the Company unless appropriate notation shall be made on such Affiliate's consolidated financial statements to indicate the separateness of the Company and the MLP and their assets and liabilities from such Affiliate and the assets and liabilities of such Affiliate, and to indicate that the assets and liabilities of the Company and the MLP are not available to satisfy the debts and other obligations of such Affiliate, and (iv) file their respective own tax returns separate from those of any other Person, except (A) to the extent that the MLP or the Company (x) is treated as a "disregarded entity" for tax purposes or (y) is not otherwise required to file tax returns under applicable law or (B) as may otherwise be required by applicable law.

(c) Separate Assets. The Company shall not commingle or pool, and shall cause the MLP not to commingle or pool, their respective funds or other assets with those of any other Person, except their respective consolidated Subsidiaries, and shall maintain their respective assets in a manner that is not costly or difficult to segregate, ascertain or otherwise identify as separate from those of any other Person.

(d) Separate Name. The Company shall, and shall cause the members of the MLP Group to, (i) conduct their respective businesses in their respective own names or in the names of their respective Subsidiaries or the MLP, (ii) use their or the MLP's separate stationery, invoices, and checks, (iii) correct any known misunderstanding regarding their respective separate identities as members of the MLP Group from that of any other Person (including EPCO and its Subsidiaries, other than the Company and/or one or more members of the MLP Group), and (iv) generally hold themselves and the MLP Group out as entities separate from any other Person (including EPCO and its Subsidiaries, other than the Company and/or the MLP Group).

(e) Separate Credit. The Company shall, and shall cause the members of the MLP Group to, (i) pay their respective obligations and liabilities from their respective own funds (whether on hand or borrowed), (ii) maintain adequate capital in light of their respective business operations, (iii) not pledge their respective assets for the benefit of any Person or guarantee or become obligated for the debts of any other Person, other than the Company and/or one or more members of the MLP Group, (iv) not hold out their respective credit as being available to satisfy the obligations or liabilities of any other Person, except members of the MLP Group, (v) not acquire debt obligations or debt securities of EPCO or its Affiliates (other than the other members of the MLP Group and/or the Company), (vi) not make loans or advances to any Person, except members of the MLP Group, or (vii) use their commercially reasonable efforts to cause the operative documents under which the MLP or any of its Subsidiaries borrows money, is an issuer of debt securities, or guarantees any such borrowing or issuance after the Effective Date, to contain provisions to the effect that (A) the lenders or purchasers of debt securities, respectively, acknowledge that they have advanced funds or purchased debt securities, respectively, in reliance upon the separateness of the Company and the MLP from each other and from any other Persons, including EPCO and its Affiliates, other than the other members of the MLP Group and/or the Company, and (B) the Company and the MLP have assets and liabilities that are separate from those of other Persons, including EPCO and its Affiliates, other than the other members of the MLP Group and/or the Company); provided that the Company and the MLP may engage in any transaction described in clauses (v)-(vi) of this Section 2.07(e) if prior Special Approval has been obtained for such transaction and either (A) the Audit and Conflicts Committee has determined by Special Approval that the borrower or recipient of the credit support is not then insolvent and will not be rendered insolvent as a result of such transaction or (B) in the case of transactions described in clause (v), such transaction is completed through a public auction or a National Securities Exchange.

(f) Separate Formalities. The Company shall, and shall cause the MLP to, (i) observe all limited liability company or partnership formalities and other formalities required by their respective organizational documents, the laws of the jurisdiction of their respective formation, or other laws, rules, regulations and orders of governmental authorities exercising jurisdiction over it, (ii) engage in transactions with EPCO and its Affiliates (other than the Company or one or more members of the MLP Group) in conformity with the requirements of Section 7.9 of the MLP Agreement, and (iii) subject to the terms of the Administrative Services Agreement, promptly pay, from their respective own funds and on a timely basis, their respective allocable shares of general and administrative expenses, capital expenditures, and costs for shared services performed by EPCO or Affiliates of EPCO (other than the Company or members of the MLP Group). Each material contract between the Company or a member of the MLP Group, on the one hand, and EPCO or Affiliates of EPCO (other than the Company or members of the MLP Group), on the other hand, shall be subject to the requirements of Section 7.9 of the MLP Agreement.

(g) No Effect. Failure by the Company to comply with any of the obligations set forth above shall not affect the status of the Company as a separate legal entity, with its separate assets and separate liabilities.

ARTICLE 3
MATTERS RELATING TO MEMBERS

3.01 Members. Enterprise Products OLP has previously been admitted as a Member of the Company as of September 29, 2006.

3.02 Creation of Additional Membership Interest. The Company may issue additional Membership Interests in the Company pursuant to this Section 3.02. The terms of admission or issuance may provide for the creation of different classes or groups of Members having different rights, powers, and duties. The creation of any new class or group of Members approved as required herein may be reflected in an amendment to this Agreement executed in accordance with Section 11.04 indicating the different rights, powers, and duties thereof. Any such admission is effective only after the new Member has executed and delivered to the Members an instrument containing the notice address of the new Member and the new Member's ratification of this Agreement and agreement to be bound by it.

3.03 Liability to Third Parties. No Member or beneficial owner of any Membership Interest shall be liable for the Liabilities of the Company.

ARTICLE 4
CAPITAL CONTRIBUTIONS

4.01 Capital Contributions.

(a) Enterprise Products OLP is the assignee of its Membership Interests, and the Member or its predecessor in interest has made certain Capital Contributions.

(b) The amount of money and the fair market value (as of the date of contribution) of any property (other than money) contributed to the Company by a Member in respect of the issuance of a Membership Interest to such Member shall constitute a "***Capital Contribution***." Any reference in this Agreement to the Capital Contribution of a Member shall include a Capital Contribution of its predecessors in interest.

4.02 Loans. If the Company does not have sufficient cash to pay its obligations, any Member that may agree to do so may, upon Special Approval, advance all or part of the needed funds for such obligation to or on behalf of the Company. An advance described in this Section 4.02 constitutes a loan from the Member to the Company, shall bear interest at a rate comparable to the rate the Company could obtain from third parties, from the date of the advance until the date of repayment, and is not a Capital Contribution.

4.03 Return of Contributions. A Member is not entitled to the return of any part of its Capital Contributions or to be paid interest in respect of its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of any Member. No Member will be required to contribute or to lend any cash or property to the Company to enable the Company to return any Member's Capital Contributions.

ARTICLE 5
DISTRIBUTIONS AND ALLOCATIONS

5.01 Distributions. Subject to Section 9.02, within 45 days following each Quarter other than any Quarter in which the dissolution of the Company has commenced (the "***Distribution Date***"), the Company shall distribute to the Members the Company's Available Cash on such Distribution Date.

ARTICLE 6
MANAGEMENT

6.01 Management. All management powers over the business and affairs of the Company shall be exclusively vested in a Board of Directors ("***Board of Directors***" or "***Board***") and, subject to the direction of the Board of Directors, the Officers. The Officers and Directors shall each constitute a "manager" of the Company within the meaning of the Act. Except as otherwise specifically provided in this Agreement, no Member, by virtue of having the status of a Member, shall have or attempt to exercise or assert any management power over the business and affairs of the Company or shall have or attempt to exercise or assert actual or apparent authority to enter into contracts on behalf of, or to otherwise bind, the Company. Except as otherwise specifically provided in this Agreement, the authority and functions of the Board of Directors on the one hand and of the Officers on the other shall be identical to the authority and functions of the board of directors and officers, respectively, of a corporation organized under the Delaware General Corporation Law. Except as otherwise specifically provided in this Agreement, the business and affairs of the Company shall be managed under the direction of the Board of Directors, and the day-to-day activities of the Company shall be conducted on the Company's behalf by the Officers, who shall be agents of the Company.

In addition to the powers that now or hereafter can be granted to managers under the Act and to all other powers granted under any other provision of this Agreement, except as otherwise provided in this Agreement (including Section 6.02), the Board of Directors and the Officers shall have full power and authority to do all things as are not restricted by this Agreement, the MLP Agreement, the Act or applicable Law, on such terms as they may deem necessary or appropriate to conduct, or cause to be conducted, the business and affairs of the Company. However, notwithstanding any other provision of this Agreement to the contrary, the Company and the Board of Directors shall not undertake, either directly or indirectly, any of the following actions without first obtaining Special Approval:

(a) any merger or consolidation of the Company, except for a merger or consolidation with an Affiliate of the Company that is not subject to Section 7.9 of the MLP Agreement, and only if such Affiliate's organizational documents provide for the establishment of an "Audit and Conflicts Committee" to approve certain matters with respect to the transferee(s) and the MLP, the selection of "Independent Directors" as members of the Audit and Conflicts Committee, and the submission of certain matters to the vote of the Audit and Conflicts Committee or to Special Approval upon similar terms and conditions as set forth in this Agreement;

(b) any action requiring Special Approval under the governing documents of the MLP;

(c) any Disposition, whether in one transaction or a series of transactions, of all or substantially all of the properties or assets of the Company, except for a Disposition to an Affiliate of the Company that is not subject to Section 7.9 of the MLP Agreement, and only if such Affiliate's organizational documents provide for the establishment of an "Audit and Conflicts Committee" to approve certain matters with respect to the transferee(s) and the MLP, the selection of "Independent Directors" as members of the Audit and Conflicts Committee, and the submission of certain matters to the vote of the Audit and Conflicts Committee or to Special Approval upon similar terms and conditions as set forth in this Agreement;

(d) any (A) incurrence of any indebtedness by the Company, (B) assumption, incurrence, or undertaking by the Company of, or the grant by the Company of any security for, any financial commitment of any type whatsoever, including any purchase, sale, lease, loan, contract, borrowing or expenditure, or (C) lending of money by the Company to, or the guarantee by the Company of the debts of, any other Person other than the MLP (collectively, "***Company Obligations***") other than Company Obligations incurred pursuant to joint and several liability for the MLP's Liabilities under Delaware law;

(e) assigning, transferring, selling or otherwise Disposing of the Company's general partner interest in the MLP, except to an Affiliate of the Company, and only if such Affiliate's organizational documents provide for the establishment of an "Audit and Conflicts Committee" to approve certain matters with respect to the transferee(s) and the MLP, the selection of "Independent Directors" as members of the Audit and Conflicts Committee, and the submission of certain matters to the vote of the Audit and Conflicts Committee or to Special Approval upon similar terms and conditions as set forth in this Agreement;

(f) owning or leasing any assets, or making other investments, other than the Company's interest in the members of the MLP Group (including any membership interests or similar interests in entities which are limited liability companies, corporations, or other corporate forms), distributions received on such interest (and similar interest) and assets that are ancillary, related to or in furtherance of the purposes of the Company; or

(g) any amendment or repeal of the Organizational Certificate other than to effect (A) any amendment to this Agreement made in accordance with Section 11.04, (B) non-substantive changes or (C) changes that do not adversely affect the Member;

provided, that nothing contained herein will require Special Approval for: (i) any merger or consolidation of the Company; (ii) any Disposition, whether in one transaction or a series of transactions, of all or substantially all of the properties or assets of the Company; or (iii) any assignment, transfer, sale or other Disposition of the Company's general partner interest (or similar interest in entities which are not partnerships) in the MLP, in each case to the extent that the surviving or acquiring Person is not an Affiliate of the Company and the Affiliates of the Company own, directly or indirectly, less than 25% of the voting power of such Person and a Person which is not an Affiliate of the Company owns greater than 50% of the voting power of such person.

6.02 Board of Directors.

(a) Generally. The Board of Directors shall consist of not less than five nor more than ten natural persons. The members of the Board of Directors shall be appointed by Enterprise Products OLP, *provided* that, to the extent required by applicable requirements of the New York Stock Exchange or rules and regulations of the SEC, (i) at least three of such members must meet the independence, qualification and experience requirements of (A) the New York Stock Exchange (B) Section 10A(m)(3) of the Securities Exchange Act of 1934 (or any successor Law), the rules and regulations of the SEC, other applicable Law and (C) the charter of the Audit and Conflicts Committee (each, a "***Independent Director***"), and (ii) at least one Independent Director shall also meet the S&P Criteria; *provided, however*, that if at any time at least three of the members of the Board of Directors are not Independent Directors, at least one of whom meets the S&P Criteria, subject to any requirements for Special Approval, the Board of Directors shall still have all powers and authority granted to it hereunder, but the Board of Directors and Enterprise Products OLP shall endeavor to elect additional Independent Directors to come into compliance with this Section 6.02(a).

(b) Term; Resignation; Vacancies; Removal. Each Director shall hold office until his successor is appointed and qualified or until his earlier resignation or removal. Any Director may resign at any time upon written notice to the Board, the Chairman of the Board, to the Chief Executive Officer or to any other Officer. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. Vacancies and newly created directorships resulting from any increase in the authorized number of Directors or from any other cause shall be filled by Enterprise Products OLP. Any Director may be removed, with or without cause, by Enterprise Products OLP at any time, and the vacancy in the Board caused by any such removal shall be filled by Enterprise Products OLP.

(c) Voting; Quorum; Required Vote for Action. Unless otherwise required by the Act, other Law or the provisions hereof,

(i) each member of the Board of Directors shall have one vote;

(ii) except for matters requiring Special Approval, the presence at a meeting of a majority of the members of the Board of Directors shall constitute a quorum at any such meeting for the transaction of business;

(iii) except for matters requiring Special Approval, the act of a majority of the members of the Board of Directors present at a meeting duly called in accordance with Section 6.02(c) at which a quorum is present shall be deemed to constitute the act of the Board of Directors; and

(iv) without obtaining Special Approval, the Company shall not, and shall not take any action to cause the MLP to, (1) make or consent to a general assignment for the benefit of its respective creditors; (2) file or consent to the filing of any bankruptcy, insolvency or reorganization petition for relief under the United States Bankruptcy Code naming the Company or the MLP, as applicable, or otherwise seek, with respect to the Company or the

MLP, relief from debts or protection from creditors generally; (3) file or consent to the filing of a petition or answer seeking for the Company or the MLP, as applicable, a liquidation, dissolution, arrangement, or similar relief under any law; (4) file an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Company or the MLP, as applicable, in a proceeding of the type described in any of clauses (1) – (3) of this Section 6.02(c)(iv); (5) seek, consent to or acquiesce in the appointment of a receiver, liquidator, conservator, assignee, trustee, sequestrator, custodian or any similar official for the Company or the MLP, as applicable, or for all or any substantial portion of either entity's properties; (6) sell all or substantially all of the Company's or the MLP's assets, except in the case of the MLP, in accordance with Section 7.3(b) of the MLP Agreement; (7) dissolve or liquidate, except in the case of the MLP, in accordance with Article XII of the MLP Agreement; or (8) merge or consolidate, except in the case of the MLP, in accordance with Article XIV of the MLP Agreement.

(d) Meetings. Regular meetings of the Board of Directors shall be held at such times and places as shall be designated from time to time by resolution of the Board of Directors. Special meetings of the Board of Directors or meetings of any committee thereof may be called by written request authorized by any member of the Board of Directors or a committee thereof on at least 48 hours prior written notice to the other members of such Board or committee. Any such notice, or waiver thereof, need not state the purpose of such meeting, except as may otherwise be required by law. Attendance of a Director at a meeting (including pursuant to the last sentence of this Section 6.02(d)) shall constitute a waiver of notice of such meeting, except where such Director attends the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Subject to Article 11, any action required or permitted to be taken at a meeting of the Board of Directors or any committee thereof may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, are signed by at least as many members of, and the types of members of, the Board of Directors or committee thereof as would have been required to take such action at a meeting of the Board of Directors or such committee. Members of the Board of Directors or any committee thereof may participate in and hold a meeting by means of conference telephone, video conference or similar communications equipment by means of which all Persons participating in the meeting can hear each other, and participation in such meetings shall constitute presence in person at the meeting.

(e) Committees.

(i) Subject to compliance with this Article 6, committees of the Board of Directors shall have and may exercise such of the powers and authority of the Board of Directors with respect to the management of the business and affairs of the Company as may be provided in a resolution of the Board of Directors. Any committee designated pursuant to this Section 6.02(e) shall choose its own chairman, shall keep regular minutes of its proceedings and report the same to the Board of Directors when requested, and, subject to Section 6.02(d), shall fix its own rules or procedures and shall meet at such times and at such place or places as may be provided by such rules or by resolution of such committee or resolution of the Board of Directors. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any resolution (except for obtaining Special

Approval at meetings of the Audit and Conflicts Committee, which requires the affirmative vote of a majority of the members of such committee). The Board of Directors may designate one or more Directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of such committee; *provided*, *however*, that any such designated alternate of the Audit and Conflicts Committee must meet the standards for an Independent Director. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not constituting a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of the absent or disqualified member; *provided*, *however*, that any such replacement member of the Audit and Conflicts Committee must meet the standards for an Independent Director.

(ii) In addition to any other committees established by the Board of Directors pursuant to Section 6.02(e)(i), the Board of Directors shall maintain an "Audit and Conflicts Committee" as defined in the MLP Agreement (referred to herein as the "***Audit and Conflicts Committee***"), which shall be composed of at least three Independent Directors, not less than one of whom shall also meet the S&P Criteria. The Audit and Conflicts Committee shall be responsible for (A) approving or disapproving, as the case may be, any matters regarding the business and affairs of the Company and the MLP required to be considered by, or submitted to, such Audit and Conflicts Committee pursuant to the terms of the MLP Agreement, (B) assisting the Board in monitoring (1) the integrity of the MLP's and the Company's financial statements, (2) the qualifications and independence of the MLP's and the Company's independent accountants, (3) the performance of the MLP's and the Company's internal audit function and independent accountants, and (4) the MLP's and the Company's compliance with legal and regulatory requirements, (C) preparing the report required by the rules of the SEC to be included in the MLP's annual report on Form 10-K, (D) approving any material amendments to the Administrative Services Agreement, (E) approving or disapproving, as the case may be, the entering into of any transaction with a Member or any Affiliate of a Member, other than transactions in the ordinary course of business, (F) approving any of the actions described in Section 6.01(a)–(g) and Section 6.02(c)(iv) to be taken on behalf of the Company or the MLP, (G) amending (1) Section 2.07, (2) the definition of "Independent Director" in Section 6.02(a) or the definition of "S&P Criteria" in Attachment I, (3) the requirement that, to the extent required by applicable requirements of the New York Stock Exchange or rules and regulations of the SEC, at least three Directors be Independent Directors, (4) the requirement that at least one member of the Audit and Conflicts Committee meet the S&P Criteria, (5) Section 6.01(a)–(g) or Section 6.02(c)(iv) or (6) this Section 6.02(e)(ii), and (H) performing such other functions as the Board may assign from time to time, or as may be specified in the charter of the Audit and Conflicts Committee. In acting or otherwise voting on the matters referred to in this Section 6.02(e)(ii), to the fullest extent permitted by law, including Section 18-1101(c) of the Act and Section 17-1101(c) of the Delaware Revised Uniform Limited Partnership Act, as amended from time to time, the Directors constituting the Audit and Conflicts Committee shall be subject to the requirements of Section 7.9 of the MLP Agreement and, when acting (or refraining from acting) in accordance with those requirements, any action (or inaction) taken (or omitted) by the Directors constituting the Audit and Conflicts Committee shall be permitted and deemed approved by all Members, and shall not constitute a breach of this Agreement, of the MLP Agreement, of any agreement contemplated herein or therein, or of any duty stated or implied by law or equity.

6.03 Officers.

(a) Generally. The Board of Directors, as set forth below, shall appoint officers of the Company ("***Officers***"), who shall (together with the Directors) constitute "managers" of the Company for the purposes of the Act. Unless provided otherwise by resolution of the Board of Directors, the Officers shall have the titles, power, authority and duties described below in this Section 6.03.

(b) Titles and Number. The Officers of the Company shall be the Chairman of the Board (unless the Board of Directors provides otherwise), the Chief Executive Officer, the President, any and all Vice Presidents (including any Vice Presidents who may be designated as Executive Vice President or Senior Vice President), the Secretary, the Chief Financial Officer, any Treasurer and any and all Assistant Secretaries and Assistant Treasurers and the General Counsel. There shall be appointed from time to time such Vice Presidents, Secretaries, Assistant Secretaries, Treasurers and Assistant Treasurers as the Board of Directors may desire. Any person may hold more than one office.

(c) Appointment and Term of Office. The Officers shall be appointed by the Board of Directors at such time and for such term as the Board of Directors shall determine. Any Officer may be removed, with or without cause, only by the Board of Directors. Vacancies in any office may be filled only by the Board of Directors.

(d) Chairman of the Board. The Chairman of the Board shall preside at all meetings of the Board of Directors and of the unitholders of the MLP; and he shall be a non-executive unless and until other executive powers and duties are assigned to him from time to time by the Board of Directors.

(e) Chief Executive Officer. Subject to the limitations imposed by this Agreement, any employment agreement, any employee plan or any determination of the Board of Directors, the Chief Executive Officer, subject to the direction of the Board of Directors, shall be the chief executive officer of the Company and shall be responsible for the management and direction of the day-to-day business and affairs of the Company, its other Officers, employees and agents, shall supervise generally the affairs of the Company and shall have full authority to execute all documents and take all actions that the Company may legally take. In the absence of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the unitholders of the MLP and (should he be a director) of the Board of Directors. The Chief Executive Officer shall exercise such other powers and perform such other duties as may be assigned to him by this Agreement or the Board of Directors, including any duties and powers stated in any employment agreement approved by the Board of Directors.

(f) President. Subject to the limitations imposed by this Agreement, any employment agreement, any employee plan or any determination of the Board of Directors, the President, subject to the direction of the Board of Directors, shall be the chief executive officer of the Company in the absence of a Chief Executive Officer and shall be responsible for the management and direction of the day-to-day business and affairs of the Company, its other Officers, employees and agents, shall supervise generally the affairs of the Company and shall have full authority to execute all documents and take all actions that the Company may legally

take. In the absence of the Chairman of the Board and a Chief Executive Officer, the President shall preside at all meetings of the unitholders of the MLP and (should he be a director) of the Board of Directors. The President shall exercise such other powers and perform such other duties as may be assigned to him by this Agreement or the Board of Directors, including any duties and powers stated in any employment agreement approved by the Board of Directors.

(g) Vice Presidents. In the absence of a Chief Executive Officer and the President, each Vice President (including any Vice Presidents designated as Executive Vice President or Senior Vice President) appointed by the Board of Directors shall have all of the powers and duties conferred upon the President, including the same power as the President to execute documents on behalf of the Company. Each such Vice President shall perform such other duties and may exercise such other powers as may from time to time be assigned to him by the Board of Directors or the President.

(h) Secretary and Assistant Secretaries. The Secretary shall record or cause to be recorded in books provided for that purpose the minutes of the meetings or actions of the Board of Directors, shall see that all notices are duly given in accordance with the provisions of this Agreement and as required by law, shall be custodian of all records (other than financial), shall see that the books, reports, statements, certificates and all other documents and records required by law are properly kept and filed, and, in general, shall perform all duties incident to the office of Secretary and such other duties as may, from time to time, be assigned to him by this Agreement, the Board of Directors or the President. The Assistant Secretaries shall exercise the powers of the Secretary during that Officer’s absence or inability or refusal to act.

(i) Chief Financial Officer. The Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of account of the Company and the MLP. He shall receive and deposit all moneys and other valuables belonging to the Company in the name and to the credit of the Company and shall disburse the same and only in such manner as the Board of Directors or the appropriate Officer of the Company may from time to time determine. He shall receive and deposit all moneys and other valuables belonging to the MLP in the name and to the credit of the MLP and shall disburse the same and only in such manner as the Board of Directors or the Chief Executive Officer may require. He shall render to the Board of Directors and the Chief Executive Officer, whenever any of them request it, an account of all his transactions as Chief Financial Officer and of the financial condition of the Company, and shall perform such further duties as the Board of Directors or the Chief Executive Officer may require. The Chief Financial Officer shall have the same power as the Chief Executive Officer to execute documents on behalf of the Company.

(j) Treasurer and Assistant Treasurers. The Treasurer shall have such duties as may be specified by the Chief Financial Officer in the performance of his duties. The Assistant Treasurers shall exercise the power of the Treasurer during that Officer’s absence or inability or refusal to act. Each of the Assistant Treasurers shall possess the same power as the Treasurer to sign all certificates, contracts, obligations and other instruments of the Company. If no Treasurer or Assistant Treasurer is appointed and serving or in the absence of the appointed Treasurer and Assistant Treasurer, the Senior Vice President, or such other Officer as the Board of Directors shall select, shall have the powers and duties conferred upon the Treasurer.

(k) General Counsel. The General Counsel subject to the discretion of the Board of Directors, shall be responsible for the management and direction of the day-to-day legal affairs of the Company. The General Counsel shall perform such other duties and may exercise such other powers as may from time to time be assigned to him by the Board of Directors or the President.

(l) Powers of Attorney. The Company may grant powers of attorney or other authority as appropriate to establish and evidence the authority of the Officers and other persons.

(m) Delegation of Authority. Unless otherwise provided by resolution of the Board of Directors, no Officer shall have the power or authority to delegate to any person such Officer's rights and powers as an Officer to manage the business and affairs of the Company.

(n) Officers. The Board of Directors shall appoint Officers of the Company to serve from the date hereof until the death, resignation or removal by the Board of Directors with or without cause of such officer.

6.04 Duties of Officers and Directors. Except as otherwise specifically provided in this Agreement, the duties and obligations owed to the Company and to the Board of Directors by the Officers of the Company and by members of the Board of Directors of the Company shall be the same as the respective duties and obligations owed to a corporation organized under the Delaware General Corporation Law by its officers and directors, respectively. Notwithstanding the foregoing, the duties and obligations owed by, and any liabilities of, Officers and members of the Board of Directors of the Company to the MLP or its limited partners shall be limited as set forth in the MLP Agreement.

6.05 Compensation. The members of the Board of Directors who are neither Officers nor employees of the Company shall be entitled to compensation as directors and committee members as approved by the Board and shall be reimbursed for out-of-pocket expenses incurred in connection with attending meetings of the Board of Directors or committees thereof.

6.06 Indemnification.

(a) To the fullest extent permitted by Law but subject to the limitations expressly provided in this Agreement, each Indemnitee (as defined below) shall be indemnified and held harmless by the Company from and against any and all losses, claims, damages, liabilities (joint or several), expenses (including reasonable legal fees and expenses), judgments, fines, penalties, interest, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, whether civil, criminal, administrative or investigative, in which any such person may be involved, or is threatened to be involved, as a party or otherwise, by reason of such person's status as (i) a present or former member of the Board of Directors or any committee thereof, (ii) a present or former Member, (iii) a present or former Officer, or (iv) a Person serving at the request of the Company in another entity in a similar capacity as that referred to in the immediately preceding clauses (i) or (iii), *provided*, that the Person described in the immediately preceding clauses (i), (ii), (iii) or (iv) ("***Indemnitee***") shall not be indemnified and held harmless if there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnitee is

seeking indemnification pursuant to this Section 6.06, the Indemnitee acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that the Indemnitee's conduct was unlawful. Any indemnification pursuant to this Section 6.06 shall be made only out of the assets of the Company.

(b) To the fullest extent permitted by law, expenses (including reasonable legal fees and expenses) incurred by an Indemnitee who is indemnified pursuant to Section 6.06(a) in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of the Indemnitee to repay such amount if it shall be determined that the Indemnitee is not entitled to be indemnified as authorized in this Section 6.06.

(c) The indemnification provided by this Section 6.06 shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, as a matter of law or otherwise, both as to actions in the Indemnitee's capacity as an Indemnitee and as to actions in any other capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity.

(d) The Company may purchase and maintain insurance, on behalf of the members of the Board of Directors, the Officers and such other persons as the Board of Directors shall determine, against any liability that may be asserted against or expense that may be incurred by such person in connection with the Company's activities or such person's activities on behalf of the Company, regardless of whether the Company would have the power to indemnify such person against such liability under the provisions of this Agreement.

(e) For purposes of this Section 6.06, the Company shall be deemed to have requested an Indemnitee to serve as fiduciary of an employee benefit plan whenever the performance by the Indemnitee of such Indemnitee's duties to the Company also imposes duties on, or otherwise involves services by, the Indemnitee to the plan or participants or beneficiaries of the plan; excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall constitute "fines" within the meaning of Section 6.06(a); and action taken or omitted by the Indemnitee with respect to an employee benefit plan in the performance of such Indemnitee's duties for a purpose reasonably believed by such Indemnitee to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is in, or not opposed to, the best interests of the Company.

(f) In no event may an Indemnitee subject any Members of the Company to personal liability by reason of the indemnification provisions of this Agreement.

(g) An Indemnitee shall not be denied indemnification in whole or in part under this Section 6.06 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

(h) The provisions of this Section 6.06 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

(i) No amendment, modification or repeal of this Section 6.06 or any provision hereof shall in any manner terminate, reduce or impair either the right of any past, present or future Indemnitee to be indemnified by the Company or the obligation of the Company to indemnify any such Indemnitee under and in accordance with the provisions of this Section 6.06 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted, and provided such Person became an Indemnitee hereunder prior to such amendment, modification or repeal.

(j) THE PROVISIONS OF THE INDEMNIFICATION PROVIDED IN THIS SECTION 6.06 ARE INTENDED BY THE PARTIES TO APPLY EVEN IF SUCH PROVISIONS HAVE THE EFFECT OF EXCULPATING THE INDEMNITEE FROM LEGAL RESPONSIBILITY FOR THE CONSEQUENCES OF SUCH PERSON'S NEGLIGENCE, FAULT OR OTHER CONDUCT.

6.07 Liability of Indemnitees.

(a) Notwithstanding anything to the contrary set forth in this Agreement, no Indemnitee shall be liable for monetary damages to the Company, the Members or any other Person for losses sustained or liabilities incurred as a result of any act or omission of an Indemnitee unless there has been a final and non-appealable judgment entered in a court of competent jurisdiction determining that, in respect of the matter in question, the Indemnitee acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that the Indemnitee's conduct was criminal.

(b) Subject to its obligations and duties as set forth in this Article 6, the Board of Directors and any committee thereof may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through the Company's Officers or agents, and neither the Board of Directors nor any committee thereof shall be responsible for any misconduct or negligence on the part of any such Officer or agent appointed by the Board of Directors or any committee thereof in good faith.

(c) Any amendment, modification or repeal of this Section 6.07 or any provision hereof shall be prospective only and shall not in any way affect the limitations on liability under this Section 6.07 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may be asserted.

ARTICLE 7
TAX MATTERS

7.01 Tax Returns.

(a) The Board of Directors shall cause to be prepared and timely filed (on behalf of the Company) all federal, state and local tax returns required to be filed by the Company, including making all elections on such tax returns. The Company shall bear the costs of the preparation and filing of its returns.

(b) The Board of Directors shall cause to be prepared and timely filed (for the Company, and on behalf of the MLP) all federal, state and local tax returns required to be filed by the Company or the MLP. The Company shall deliver a copy of each such tax return to the Members within ten Days following the date on which any such tax return is filed, together with such additional information as may be required by the Members.

ARTICLE 8
BOOKS, RECORDS, REPORTS, AND BANK ACCOUNTS

8.01 Maintenance of Books.

(a) The Board of Directors shall keep or cause to be kept at the principal office of the Company or at such other location approved by the Board of Directors complete and accurate books and records of the Company, supporting documentation of the transactions with respect to the conduct of the Company's business and minutes of the proceedings of the Board of Directors and any other books and records that are required to be maintained by applicable Law.

(b) The books of account of the Company shall be maintained on the basis of a fiscal year that is the calendar year and on an accrual basis in accordance with generally accepted accounting principles, consistently applied.

8.02 Reports. The Board of Directors shall cause to be prepared and delivered to each Member such reports, forecasts, studies, budgets and other information as the Members may reasonably request from time to time.

8.03 Bank Accounts. Funds of the Company shall be deposited in such banks or other depositories as shall be designated from time to time by the Board of Directors. All withdrawals from any such depository shall be made only as authorized by the Board of Directors and shall be made only by check, wire transfer, debit memorandum or other written instruction.

8.04 Tax Statements. The Company shall use reasonable efforts to furnish, within 90 Days of the close of each taxable year of the Company, estimated tax information reasonably required by the Members for federal and state income tax reporting purposes.

ARTICLE 9
DISSOLUTION, WINDING-UP AND TERMINATION

9.01 Dissolution.

(a) The Company shall dissolve and its affairs shall be wound up on the first to occur of the following events (each a "***Dissolution Event***"):

(i) the unanimous consent of the Board of Directors;

(ii) the entry of a decree of judicial dissolution of the Company under Section 18-802 of the Act;

(iii) at any time there are no Members of the Company, unless the Company is continued in accordance with the Act or this Agreement.

(b) No other event shall cause a dissolution of the Company.

(c) Upon the occurrence of any event that causes there to be no Members of the Company, to the fullest extent permitted by law, the personal representative of the last remaining Member is hereby authorized to, and shall, within 90 days after the occurrence of the event that terminated the continued membership of such Member in the Company, agree in writing (i) to continue the Company and (ii) to the admission of the personal representative or its nominee or designee, as the case may be, as a substitute Member of the Company, effective as of the occurrence of the event that terminated the continued membership of such Member in the Company.

(d) Notwithstanding any other provision of this Agreement, the Bankruptcy of a Member shall not cause such Member to cease to be a member of the Company and, upon the occurrence of such an event, the Company shall continue without dissolution.

9.02 Winding-Up and Termination.

(a) On the occurrence of a Dissolution Event, the Board of Directors shall select one or more Persons to act as liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of winding up shall be borne as a Company expense. Until final distribution, the liquidator shall continue to operate the Company properties with all of the power and authority of the Board of Directors. The steps to be accomplished by the liquidator are as follows:

(i) as promptly as possible after dissolution and again after final winding up, the liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities, and operations through the last calendar day of the month in which the dissolution occurs or the final winding up is completed, as applicable;

(ii) the liquidator shall discharge from Company funds all of the debts, liabilities and obligations of the Company or otherwise make adequate provision for

payment and discharge thereof (including the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

(iii) all remaining assets of the Company shall be distributed to the Members as follows:

(A) the liquidator may sell any or all Company property, including to Members; and

(B) Company property (including cash) shall be distributed to the Members.

(b) The distribution of cash or property to a Member in accordance with the provisions of this Section 9.02 constitutes a complete return to the Member of its Capital Contributions and a complete distribution to the Member of its share of all the Company's property and constitutes a compromise to which all Members have consented within the meaning of Section 18-502(b) of the Act. No Member shall be required to make any Capital Contribution to the Company to enable the Company to make the distributions described in this Section 9.02.

(c) On completion of such final distribution, the liquidator shall file a Certificate of Cancellation with the Secretary of State of the State of Delaware and take such other actions as may be necessary to terminate the existence of the Company.

ARTICLE 10
MERGER

10.01 Authority. Subject to Section 6.01(a), the Company may merge or consolidate with one or more limited liability companies, corporations, business trusts or associations, real estate investment trusts, common law trusts or unincorporated businesses, including a general partnership or limited partnership, formed under the laws of the State of Delaware or any other jurisdiction, pursuant to a written agreement of merger or consolidation ("***Merger Agreement***") in accordance with this Article 10.

10.02 Procedure for Merger or Consolidation. The merger or consolidation of the Company pursuant to this Article 10 requires the prior approval of a majority the Board of Directors and compliance with Section 10.03. Upon such approval, the Merger Agreement shall set forth:

(a) The names and jurisdictions of formation or organization of each of the business entities proposing to merge or consolidate;

(b) The name and jurisdiction of formation or organization of the business entity that is to survive the proposed merger or consolidation ("***Surviving Business Entity***");

(c) The terms and conditions of the proposed merger or consolidation;

(d) The manner and basis of exchanging or converting the equity securities of each constituent business entity for, or into, cash, property or general or limited partnership or

limited liability company interests, rights, securities or obligations of the Surviving Business Entity; and (i) if any general or limited partnership or limited liability company interests, rights, securities or obligations of any constituent business entity are not to be exchanged or converted solely for, or into, cash, property or general or limited partnership or limited liability company interests, rights, securities or obligations of the Surviving Business Entity, the cash, property or general or limited partnership or limited liability company interests, rights, securities or obligations of any general or limited partnership, limited liability company, corporation, trust or other entity (other than the Surviving Business Entity) which the holders of such interests, rights, securities or obligations of the constituent business entity are to receive in exchange for, or upon conversion of, their interests, rights, securities or obligations and (ii) in the case of securities represented by certificates, upon the surrender of such certificates, which cash, property or general or limited partnership or limited liability company interests, rights, securities or obligations of the Surviving Business Entity or any general or limited partnership, limited liability company, corporation, trust or other entity (other than the Surviving Business Entity), or evidences thereof, are to be delivered;

(e) A statement of any changes in the constituent documents or the adoption of new constituent documents (the articles or certificate of incorporation, articles of trust, declaration of trust, certificate or agreement of limited partnership or limited liability company or other similar charter or governing document) of the Surviving Business Entity to be effected by such merger or consolidation;

(f) The effective time of the merger or consolidation, which may be the date of the filing of the certificate of merger pursuant to Section 10.04 or a later date specified in or determinable in accordance with the Merger Agreement (*provided*, that if the effective time of the merger or consolidation is to be later than the date of the filing of the certificate of merger or consolidation, the effective time shall be fixed no later than the time of the filing of the certificate of merger or consolidation and stated therein); and

(g) Such other provisions with respect to the proposed merger or consolidation as are deemed necessary or appropriate by the Board of Directors.

10.03 Approval by Members of Merger or Consolidation.

(a) The Board of Directors, upon its approval of the Merger Agreement, shall direct that the Merger Agreement be submitted to a vote of the Members, whether at a meeting or by written consent. A copy or a summary of the Merger Agreement shall be included in or enclosed with the notice of a meeting or the written consent.

(b) After approval by vote or consent of the Members, and at any time prior to the filing of the certificate of merger or consolidation pursuant to Section 10.04, the merger or consolidation may be abandoned pursuant to provisions therefor, if any, set forth in the Merger Agreement.

10.04 Certificate of Merger or Consolidation. Upon the required approval by the Board of Directors and the Members of a Merger Agreement, a certificate of merger or

consolidation shall be executed and filed with the Secretary of State of the State of Delaware in conformity with the requirements of the Act.

10.05 Effect of Merger or Consolidation

(a) At the effective time of the certificate of merger or consolidation:

(i) all of the rights, privileges and powers of each of the business entities that has merged or consolidated, and all property, real, personal and mixed, and all debts due to any of those business entities and all other things and causes of action belonging to each of those business entities shall be vested in the Surviving Business Entity and after the merger or consolidation shall be the property of the Surviving Business Entity to the extent they were property of each constituent business entity;

(ii) the title to any real property vested by deed or otherwise in any of those constituent business entities shall not revert and is not in any way impaired because of the merger or consolidation;

(iii) all rights of creditors and all liens on or security interest in property of any of those constituent business entities shall be preserved unimpaired; and

(iv) all debts, liabilities and duties of those constituent business entities shall attach to the Surviving Business Entity, and may be enforced against it to the same extent as if the debts, liabilities and duties had been incurred or contracted by it.

(b) A merger or consolidation effected pursuant to this Article 10 shall not (i) be deemed to result in a transfer or assignment of assets or liabilities from one entity to another having occurred or (ii) require the Company (if it is not the Surviving Business Entity) to wind up its affairs, pay its liabilities or distribute its assets as required under Article 9 of this Agreement or under the applicable provisions of the Act.

ARTICLE 11
GENERAL PROVISIONS

11.01 Notices. Except as expressly set forth to the contrary in this Agreement, all notices, requests or consents provided for or permitted to be given under this Agreement must be in writing and must be delivered to the recipient in person, by courier or mail or by facsimile or other electronic transmission and a notice, request or consent given under this Agreement is effective on receipt by the Person to receive it; *provided*, *however*, that a facsimile or other electronic transmission that is transmitted after the normal business hours of the recipient shall be deemed effective on the next Business Day. All notices, requests and consents to be sent to a Member must be sent to or made at the addresses given for that Member as that Member may specify by notice to the other Members. Any notice, request or consent to the Company must be given to all of the Members. Whenever any notice is required to be given by applicable Law, the Organizational Certificate or this Agreement, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Whenever any notice is required to be given by Law, the Organizational Certificate or this Agreement, a written waiver thereof, signed by the Person

entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

11.02 Entire Agreement; Supersedure. This Agreement constitutes the entire agreement of the Members and their respective Affiliates relating to the subject matter hereof and supersedes all prior contracts or agreements with respect to such subject matter, whether oral or written.

11.03 Effect of Waiver or Consent. Except as provided in this Agreement, a waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Except as provided in this Agreement, failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute-of-limitations period has run.

11.04 Amendment or Restatement. This Agreement may be amended or restated only by a written instrument executed by all Members; *provided*, *however*, that notwithstanding anything to the contrary contained in this Agreement, each Member agrees that the Board of Directors, without the approval of any Member, may amend any provision of the Organizational Certificate and this Agreement, and may authorize any Officer to execute, swear to, acknowledge, deliver, file and record any such amendment and whatever documents may be required in connection therewith, to reflect any change that does not require consent or approval (or for which such consent or approval has been obtained) under this Agreement or does not materially adversely affect the rights of the Members; *provided*, *further*, that any amendment to Section 2.04 of this Agreement shall be deemed to materially affect the Members.

11.05 Binding Effect. This Agreement is binding on and shall inure to the benefit of the Members and their respective heirs, legal representatives, successors and assigns.

11.06 Governing Law; Severability. THIS AGREEMENT IS GOVERNED BY AND SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF DELAWARE, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THIS AGREEMENT TO THE LAW OF ANOTHER JURISDICTION. In the event of a direct conflict between the provisions of this Agreement and (a) any provision of the Organizational Certificate, or (b) any mandatory, non-waivable provision of the Act, such provision of the Organizational Certificate or the Act shall control. If any provision of the Act provides that it may be varied or superseded in the limited liability company agreement (or otherwise by agreement of the members or managers of a limited liability company), such provision shall be deemed superseded and waived in its entirety if this Agreement contains a provision addressing the same issue or subject matter. If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, (a) the remainder of this Agreement and the application of that provision to other Persons or circumstances is not affected thereby and that provision shall be enforced to the greatest extent permitted by Law, and (b) the Members or

Directors (as the case may be) shall negotiate in good faith to replace that provision with a new provision that is valid and enforceable and that puts the Members in substantially the same economic, business and legal position as they would have been in if the original provision had been valid and enforceable.

11.07 Further Assurances. In connection with this Agreement and the transactions contemplated hereby, each Member shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

11.08 Offset. Whenever the Company is to pay any sum to any Member, any amounts that a Member owes the Company may be deducted from that sum before payment.

11.09 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, Enterprise Products OLP has executed this Agreement as the sole member as of the date first set forth above.

MEMBER:

ENTERPRISE PRODUCTS OPERATING L.P.

By: Enterprise Products OLPGP, Inc., its general partner

By: /s/ Richard H. Bachmann
Richard H. Bachmann
Executive Vice President, Chief Legal Officer and Secretary

Attachment I

Defined Terms

Act – the Delaware Limited Liability Company Act and any successor statute, as amended from time to time.

Administrative Services Agreement – the Fourth Amended and Restated Administrative Services Agreement, dated as of January 30, 2007, but effective as of February 5, 2007, by and among EPCO, Enterprise GP Holdings L.P., EPE Holdings, LLC, Enterprise Products Partners L.P., Enterprise Products Operating L.P., Enterprise Products GP, LLC, Enterprise Products OLPGP, Inc., the MLP, the Company, the OLPGP, DEP Operating Partnership, L.P., TE Products Pipeline Company, Limited Partnership, TEPPCO Midstream Companies, L.P., TCTM, L.P. and TEPPCO GP, Inc., as amended by the First Amendment to the Fourth Amended and Restated Administrative Services Agreement, dated February 28, 2007, as further amended, supplemented, amended and restated, or otherwise modified from time to time

Affiliate – with respect to any Person, each Person Controlling, Controlled by or under common Control with such first Person.

Agreement – this Second Amended and Restated Limited Liability Company Agreement of the Company, as the same may be amended, modified, supplemented or restated from time to time.

Audit and Conflicts Committee – Section 6.02(e)(ii).

Available Cash – as of any Distribution Date, (A) all cash and cash equivalents of the Company on hand on such date, less (B) the amount of any cash reserves determined to be appropriate by the Board of Directors.

Bankruptcy **or** ***Bankrupt*** – with respect to any Person, that (a) such Person (i) makes an assignment for the benefit of creditors; (ii) files a voluntary petition in bankruptcy; (iii) is insolvent, or has entered against such Person an order for relief in any bankruptcy or insolvency proceeding; (iv) files a petition or answer seeking for such Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any Law; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in a proceeding of the type described in subclauses (i) through (iv) of this clause (a); or (vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties; or (b) 120 Days have passed after the commencement of any proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any Law, if the proceeding has not been dismissed, or 90 Days have passed after the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties, if the appointment is not vacated or stayed, or 90 Days have passed after the date of expiration of any such stay, if the appointment has not been vacated.

Board of Directors* or *Board – Section 6.01.

Business Day – any Day other than a Saturday, a Sunday or a Day on which national banking associations in the State of Texas are authorized or required by Law to close.

Capital Contribution – Section 4.01(b).

Change of Member Control – means, in the case of any Member, an event (such as a Disposal of voting securities) or series of related events that result in a Member ceasing to be Controlled by the Person that Controlled such Member immediately prior to such event.

Commitment – means (a) options, warrants, convertible securities, exchangeable securities, subscription rights, conversion rights, exchange rights, or other contracts, agreements or commitments that could require a Person to issue any of its Equity Interests or to sell any Equity Interests it owns in another Person; (b) any other securities convertible into, exchangeable or exercisable for, or representing the right to subscribe for any Equity Interest of a Person or owned by a Person; (c) statutory or contractual pre-emptive rights or pre-emptive rights granted under a Person's organizational or constitutive documents; and (d) stock appreciation rights, phantom stock, profit participation, or other similar rights with respect to a Person.

Common Units – as defined in the MLP Agreement.

Company – initial paragraph.

***Control* –** shall mean the possession, directly or indirectly, of the power and authority to direct or cause the direction of the management and policies of a Person, whether through ownership or control of Voting Stock, by contract or otherwise.

Day – a calendar Day; *provided*, *however*, that, if any period of Days referred to in this Agreement shall end on a Day that is not a Business Day, then the expiration of such period shall be automatically extended until the end of the first succeeding Business Day.

Delaware General Corporation Law – Title 8 of the Delaware Code, as amended from time to time.

Director – each member of the Board of Directors elected as provided in Section 6.02.

Dispose, Disposing or Disposition means, with respect to any asset, any sale, assignment, transfer, conveyance, gift, exchange or other disposition of such asset, whether such disposition be voluntary, involuntary or by operation of Law.

Dissolution Event – Section 9.01(a).

Distribution Date – Section 5.01.

Effective Date – initial paragraph.

EPCO – EPCO, Inc., a Delaware corporation.

Equity Interest – (a) with respect to a corporation, any and all shares of capital stock and any Commitments with respect thereto, (b) with respect to a partnership, limited liability company, trust or similar Person, any and all units, interests or other partnership, limited liability company, trust or similar interests, and any Commitments with respect thereto, and (c) any other direct or indirect equity ownership or participation in a Person (including any incentive distribution rights).

Existing Agreement – Recitals.

Indemnitee – Section 6.06(a).

Independent Director – Section 6.02(a).

Law – any applicable constitutional provision, statute, act, code (including the Code), law, regulation, rule, ordinance, order, decree, ruling, proclamation, resolution, judgment, decision, declaration or interpretative or advisory opinion or letter of a governmental authority.

Liability – any liability or obligation, whether known or unknown, asserted or unasserted, absolute or contingent, matured or unmatured, conditional or unconditional, latent or patent, accrued or unaccrued, liquidated or unliquidated, or due or to become due.

Member – any Person executing this Agreement as of the date of this Agreement as a member or hereafter admitted to the Company as a member as provided in this Agreement, but such term does not include any Person who has ceased to be a member in the Company.

Membership Interest – with respect to any Member, (a) that Member's status as a Member; (b) that Member's share of the income, gain, loss, deduction and credits of, and the right to receive distributions from, the Company; (c) all other rights, benefits and privileges enjoyed by that Member (under the Act, this Agreement, or otherwise) in its capacity as a Member; and (d) all obligations, duties and liabilities imposed on that Member (under the Act, this Agreement or otherwise) in its capacity as a Member, including any obligations to make Capital Contributions.

Merger Agreement - Section 10.01.

MLP - Duncan Energy Partners L.P., a Delaware limited partnership.

MLP Agreement – the First Amended and Restated Agreement of Limited Partnership of the MLP dated as of February 5, 2007, as the same may be amended, supplemented, amended and restated, or otherwise modified from time to time.

MLP Group – MLP, the OLPGP, the Operating Partnerships and any Subsidiaries of any such entity, treated as a single consolidated entity.

Officers – any person elected as an officer of the Company as provided in Section 6.03(a), but such term does not include any person who has ceased to be an officer of the Company.

OLPGP – DEP OLPGP, LLC, a Delaware limited liability company and the general partner of the Operating Partnership.

Operating Partnership –DEP Operating Partnership, L.P., a Delaware limited partnership; and such other Persons that are treated as partnerships for federal income tax purposes and that are majority-owned directly by the MLP and controlled by the MLP (whether by direct or indirect ownership of the general partner of such Person or otherwise) and established or acquired for the purpose of conducting the business of the MLP.

Organizational Certificate – Section 2.01.

Outstanding – with respect to the Membership Interest, all Membership Interests that are issued by the Company and reflected as outstanding on the Company's books and records as of the date of determination.

Person – a natural person, partnership (whether general or limited), limited liability company, governmental entity, trust, estate, association, corporation, venture, custodian, nominee or any other individual or entity in its own or any representative capacity.

Quarter – unless the context requires otherwise, a calendar quarter.

S&P Criteria – a duly appointed member of the Board of Directors who had not been, at the time of such appointment or at any time in the five years preceding such appointment, (a) a direct or indirect legal or beneficial owner of interests in the Company, the MLP or its Affiliates (excluding *de minimis* ownership interests and Common Units of the MLP having a value less than $1,000,000), (b) a creditor, supplier, employee, officer, director, family member, manager or contractor of the MLP or its Affiliates, or (c) a person who controls (whether directly, indirectly or otherwise) the MLP or its Affiliates or any creditor, supplier, employee, officer, director, manager or contractor of the MLP or its Affiliates.

SEC – the United States Securities and Exchange Commission.

Special Approval – approval by a majority of the members of the Audit and Conflicts Committee, at least one of whom must be an Independent Director who meets the S&P Criteria.

Subsidiary – with respect to any relevant Person, (a) a corporation of which more than 50% of the Voting Stock is owned, directly or indirectly, at the date of determination, by such relevant Person, by one or more Subsidiaries of such relevant Person or a combination thereof, (b) a partnership (whether general or limited) in which such relevant Person, one or more Subsidiaries of such relevant Person or a combination thereof is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the

partnership as a single class) is owned, directly or indirectly, at the date of determination, by such relevant Person, by one or more Subsidiaries of such relevant Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such relevant Person, one or more Subsidiaries of such relevant Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such other Person.

Surviving Business Entity – Section 10.02(b).

Voting Stock – with respect to any Person, Equity Interests in such Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of, or otherwise appoint, directors (or Persons with management authority performing similar functions) of such Person.

Withdraw, Withdrawing and Withdrawal – the withdrawal, resignation or retirement of a Member from the Company as a Member.

EXHIBIT 31.1

CERTIFICATIONS

I, Richard H. Bachmann, certify that:

1. I have reviewed this quarterly report on Form 10—Q of Duncan Energy Partners L.P.;
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: May 4, 2007

/s/ Richard H. Bachmann
Name: Richard H. Bachmann
Title: Chief Executive Officer of DEP Holdings, LLC

EXHIBIT 31.2

CERTIFICATIONS

I, Michael A. Creel, certify that:

1. I have reviewed this quarterly report on Form 10—Q of Duncan Energy Partners L.P.;
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: May 4, 2007

/s/ Michael A. Creel
Name: Michael A. Creel
Title: Chief Financial Officer of DEP Holdings, LLC

EXHIBIT 32.1

SARBANES-OXLEY SECTION 906 CERTIFICATION

CERTIFICATION OF RICHARD H. BACHMANN, CHIEF EXECUTIVE OFFICER OF DEP HOLDINGS, LLC, THE GENERAL PARTNER OF DUNCAN ENERGY PARTNERS L.P.

In connection with this quarterly report of Duncan Energy Partners L.P. (the "Registrant") on Form 10-Q for the quarterly period ended March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Richard H. Bachmann, Chief Executive Officer of DEP Holdings, LLC, the general partner of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) 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.

/s/ Richard H. Bachmann

Name: Richard H. Bachmann
Title: Chief Executive Officer of DEP Holdings, LLC
on behalf of Duncan Energy Partners L.P.

Date: May 4, 2007

EXHIBIT 32.2

SARBANES-OXLEY SECTION 906 CERTIFICATION

CERTIFICATION OF MICHAEL A. CREEL, CHIEF FINANCIAL OFFICER OF DEP HOLDINGS, LLC, THE GENERAL PARTNER OF DUNCAN ENERGY PARTNERS L.P.

In connection with this quarterly report of Duncan Energy Partners L.P. (the “Registrant”) on Form 10-Q for the quarterly period ended March 31, 2007 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael A. Creel, Chief Financial Officer of DEP Holdings, LLC, the general partner of the Registrant, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) 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.

/s/ Michael A. Creel

Name: Michael A. Creel
Title: Chief Financial Officer of DEP Holdings, LLC
on behalf of Duncan Energy Partners L.P.

Date: May 4, 2007