



**Wells Fargo MLP Conference**

December 7, 2010

# Forward Looking Statements

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This presentation contains forward-looking statements and projections, made in reliance on the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, regarding future events, occurrences, circumstances, activities, performance, outcomes and results of Crestwood Midstream Partners LP (“Crestwood LP”). Although these statements reflect the current views, assumptions and expectations of Crestwood LP’s management, the matters addressed herein are subject to numerous risks and uncertainties, which could cause actual activities, performance, outcomes and results to differ materially from those indicated. However, a variety of factors could cause actual results to materially differ from Crestwood LP’s current expectations in financial condition, results of operations and cash flows including, without limitation, changes in general economic conditions; fluctuations in natural gas prices; failure or delays by our customers in achieving expected production natural gas projects; competitive conditions in our industry; actions taken or non-performance by third parties, including suppliers, contractors, operators, processors, transporters and customers; fluctuations in the value of certain of our assets and liabilities; changes in the availability and cost of capital; operating hazards, natural disasters, weather-related delays, casualty losses and other matters beyond our control; construction costs or capital expenditures exceeding estimated or budgeted amounts; the effects of existing and future laws and governmental regulations, including environmental and climate change requirements; and the effects of existing and future litigation; the risk that the businesses will not be integrated successfully with the new management; as well as other factors disclosed in Crestwood LP’s filings with the Securities and Exchange Commission. The forward-looking statements included in this presentation are made only as of the date of this presentation, and we undertake no obligation to update any of these forward-looking statements to reflect new information, future events or circumstances except to the extent required by applicable law.

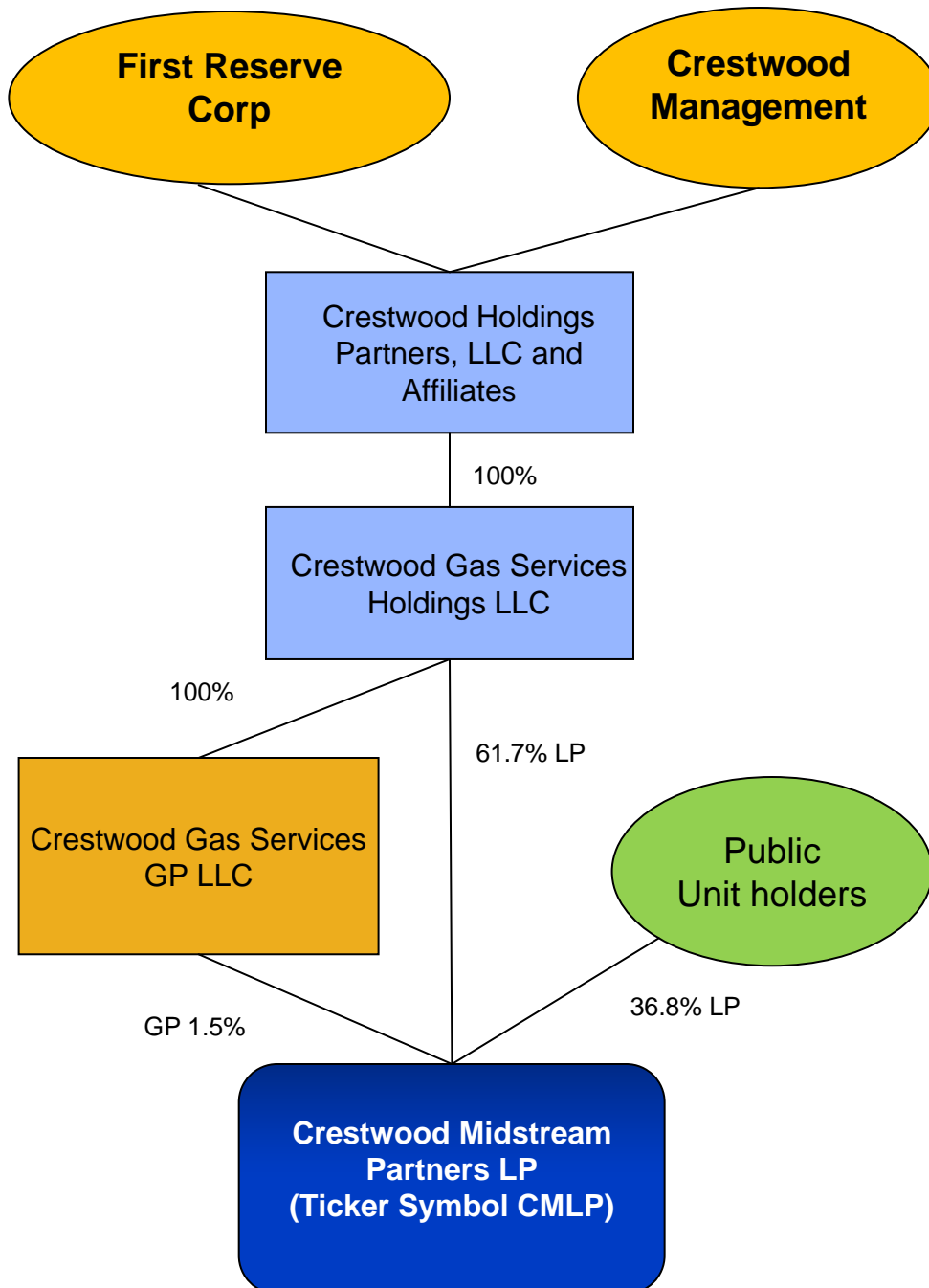
## Crestwood Holdings Partners LLC (“Crestwood Holdings”)

- Partnership between First Reserve Corp and Crestwood Management Team
  - Strategy to create long term value through acquisition of high quality midstream assets and investment in organic infrastructure projects
- On October 1, 2010, Crestwood Holdings completed the acquisition of Quicksilver Resources Inc.’s (NYSE:KWK) interests in Quicksilver Gas Services LP (NYSE:KGS) for \$701 million cash

## Crestwood Midstream Partners LP (“Crestwood” or “CMLP”)

- On October 4, 2010, Quicksilver Gas Services LP changed its name and ticker to **Crestwood Midstream Partners LP** and (NYSE:**CMLP**)
- CMLP is a leading natural gas gatherer and processor in the Barnett Shale play
  - Former gathering and midstream subsidiary of Quicksilver Resources
  - IPO in 2007; drop down of Alliance gathering system in January 2010
- Current Enterprise Value of approximately \$1.2 Billion (including General Partner)
- Common Unit Price - \$26.91 (as of December 1, 2010)
  - Distribution Per Unit - \$0.42 quarter (\$1.68 annualized)
  - Yield - 6.24%

# Ownership Structure



## First Reserve Corporation

- First Reserve is a leading private equity firm in the energy industry with significant experience in the upstream, midstream and service sectors
  - \$20 billion under management; long-term investment horizon; strong alignment of interest with LP's

## Crestwood Management

- Experienced midstream and publicly traded MLP energy executives
  - Bob Phillips – former CEO Enterprise and GulfTerra, El Paso Field Services
  - Bill Manias – former CFO Teppco and GulfTerra
- Dedicated management team with meaningful personal investment in Crestwood's success

## Crestwood Gas Services GP LLC

- General Partner's board of directors
- 3 independent directors from previous KGS board plus one KWK representative

# Transaction Overview

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- On October 1, 2010, Crestwood Holdings acquired 100% of Quicksilver Resources' interest in CMLP for \$701 million which included:
  - 100% interest in the general partner (including incentive distribution rights)
  - 60% of the outstanding limited partner interests (approximately 17.2 million units)
  - \$58 million subordinated note payable from CMLP
- Earn-out provision for up to an additional \$72 million of payments to Quicksilver Resources from Crestwood Holdings based upon CMLP's actual gathering volumes in 2011 and 2012
  - Incentive to grow Barnett Shale volumes; obligation of Crestwood Holdings not CMLP
- Quicksilver Resources extended term of gathering contracts until 2020; increased gathering and treating fees at Alliance to \$0.55 per Mcf
- Refinanced CMLP's revolving credit facility from \$320 million to \$400 million (expandable to \$500 million)
  - Improved covenant package; better pricing and flexibility; enhances CMLP liquidity to grow
- Completed the organizational transition and integration to Crestwood Holdings
  - Transferred 114 former Quicksilver Resources employees to Crestwood Holdings
  - Out-sourced back-office functions (IT, HR, IA) to save costs; scalable as we grow

# Strong Platform for Growth

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- Strategically located gathering, processing and treating assets in the Barnett Shale of north Texas with significant organic growth potential
  - Quicksilver Resources is a leading low-cost producer in the Barnett Shale
    - Substantial proved/probable reserves and undeveloped acreage
    - Solid drilling economics support our organic growth acquisition forecast
    - Gathering systems located in “Core” or “Tier 1” area or “rich gas window” which benefits from strong NGL prices
- Superior long term contracts and fixed fee arrangements provides cash flow stability
  - 10 year Quicksilver Resources dedication and 100% fixed-fee contracts with no commodity exposure
- New, high quality assets largely constructed since 2006
  - Efficient, high recovery processing and treating plants; electric compression; low maintenance capital requirement
  - Minimal future capital expenditures required to capture organic volume growth
- CMLP provides a strong platform for future acquisitions and selected organic infrastructure investments
  - Strategic focus on basin and producer diversification
  - Utilize CMLP’s competitive cost of capital to make accretive / high-return investments
  - First Reserve and Crestwood Holdings offers financial flexibility with drop-down potential

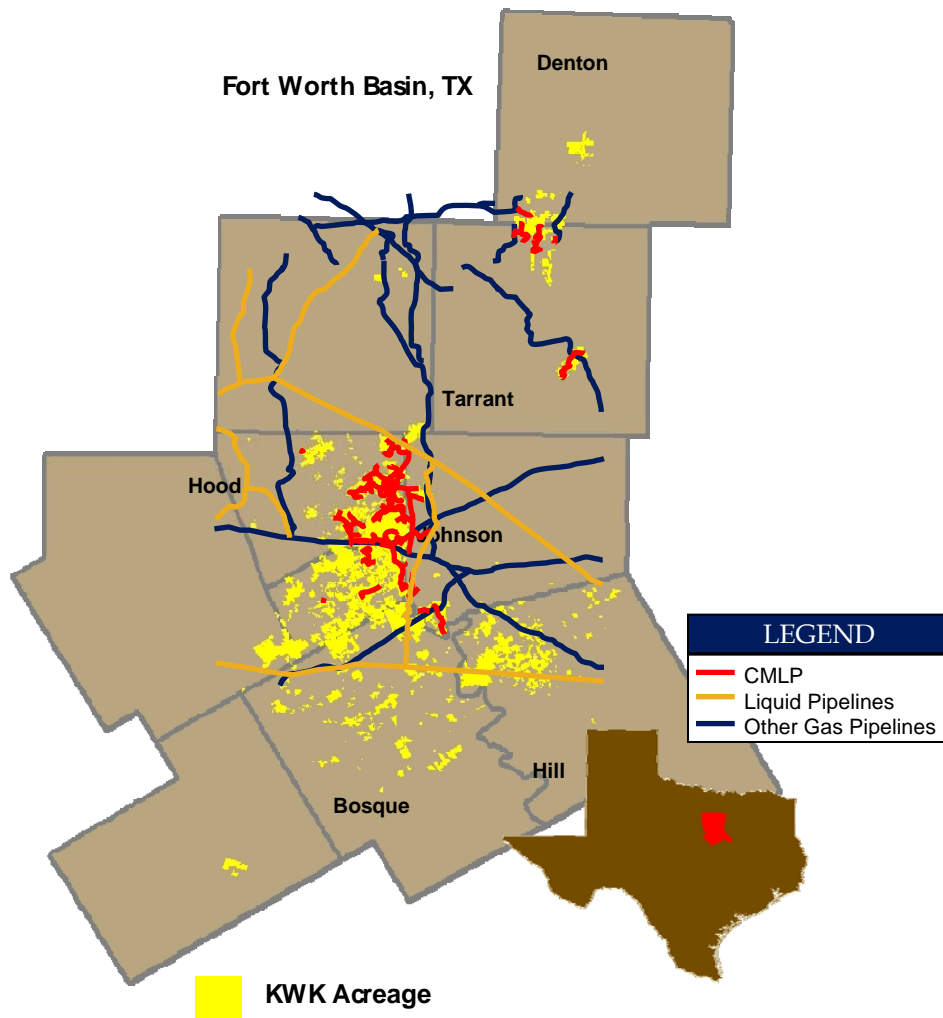
# Recent Highlights

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- Record 3<sup>rd</sup> quarter 2010 performance
  - Gathering volumes of 363 MMcf/d (70% increase from 213 MMcf/d Q3 2009)
  - EBITDA of \$21.2 million (41% increase from Q3 2009); Distributable cash flow of \$16.9 million (46% increase from Q3 2009); Net income of \$12.2 million (71% increase from Q3 2009)
  - Paid 3<sup>rd</sup> quarter distribution of \$0.42 per unit (7.7% increase from 3Q 2009); 1.22x coverage ratio
- Crestwood Holdings settled the \$58 million note payable into 2.33 million CMLP common units
  - Reduced total debt by 18%; pro-forma 3.36x debt to LTM EBITDA
- Crestwood Holdings converted the 11.5 million subordinated units into CMLP common units
  - Effective with the 3<sup>rd</sup> quarter 2010 distribution payment; no impact on historical per unit calculations or distributable cash flow
- Placed new Alliance and Lake Arlington expansion projects in service
  - Connecting new wells; reducing wellhead pressure leads to volume growth

## Fort Worth Basin of North Texas



## Barnett Shale Overview

- The Barnett Shale is the largest producing natural gas field in North America <sup>(1)</sup>
  - 5.2 Bcf/d (Q3 2010); 29+ Tcf proved reserves; 14,000+ wells completed
  - 90 rigs still running in play; Core & Tier 1 area offers 10-25% returns at \$4-\$5 Mcf
- Quicksilver Resources is the 4<sup>th</sup> largest producer in the Barnett Shale
  - 163,000 acres ; 40% developed; 10-year drilling inventory; 2.6 Tcfe proved reserves dedicated;
  - low, full-cycle F&D costs; \$1 billion liquidity
- Crestwood operates competitive gathering, processing and treating assets; low operating cost pipelines, high NGL recovery plants
  - 320 miles of pipeline with 825 MMcfd capacity; 3 NGL processing plants; 1 Amine CO<sub>2</sub> treating plant; 160,000 HP compression

(1) Barnett Shale Newsletter - RigData

# Drivers to Growth in the Barnett Shale



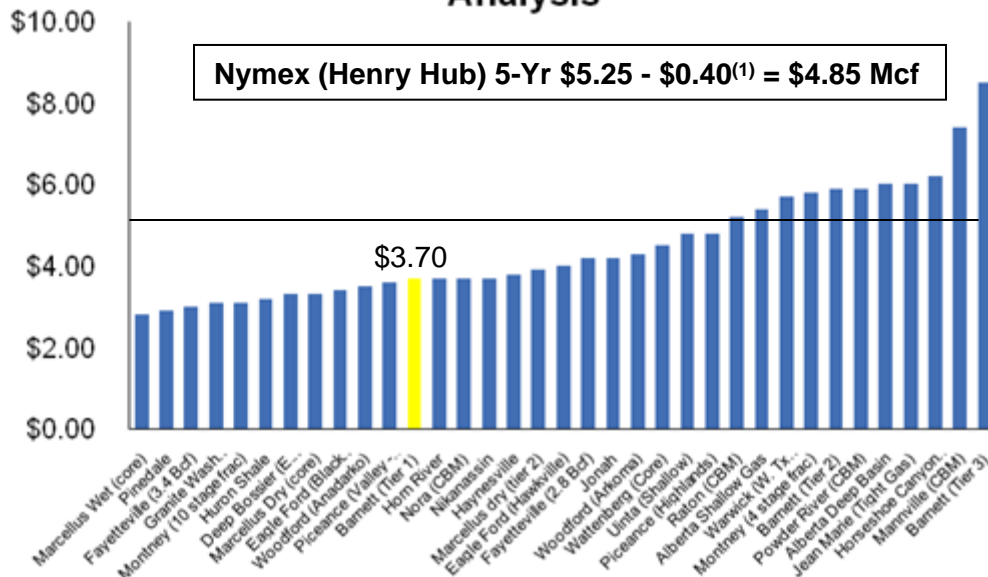
## Top 4 Producers

Producer	Approximate Barnett Latest Daily Production (Mmcf/d)	% of Total Production	Estimated Barnett Production Growth
Devon	1,250	25%	17% - 20%
Chesapeake	500	10%	10%
ExxonMobil / XTO	500	10%	10%
KWK	350	7%	12% - 15%

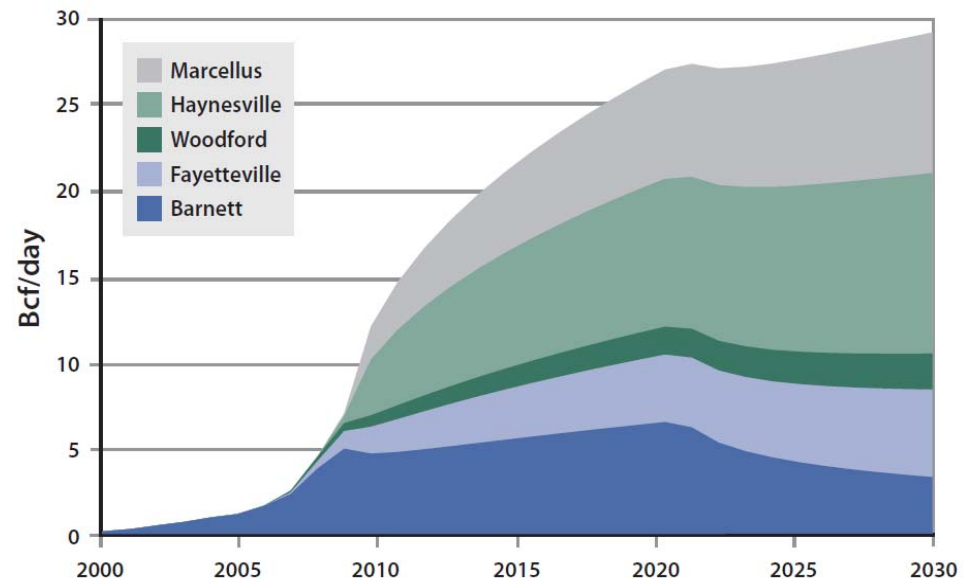
Source: Wood Mackenzie and wall street research

- Major Barnett Shale producers
  - Devon, Chesapeake, ExxonMobil (XTO), Quicksilver, EOG, Range, Encana, COP
- Barnett Shale Core/Tier 1 area single well drilling economics provide 10%+ IRR at \$3.70 per Mcf
- Production expected to grow out of Barnett through 2020 with a 2010 to 2015 production CAGR of ~9%

## Morgan Stanley Aug 2010 10% IRR Basin Analysis



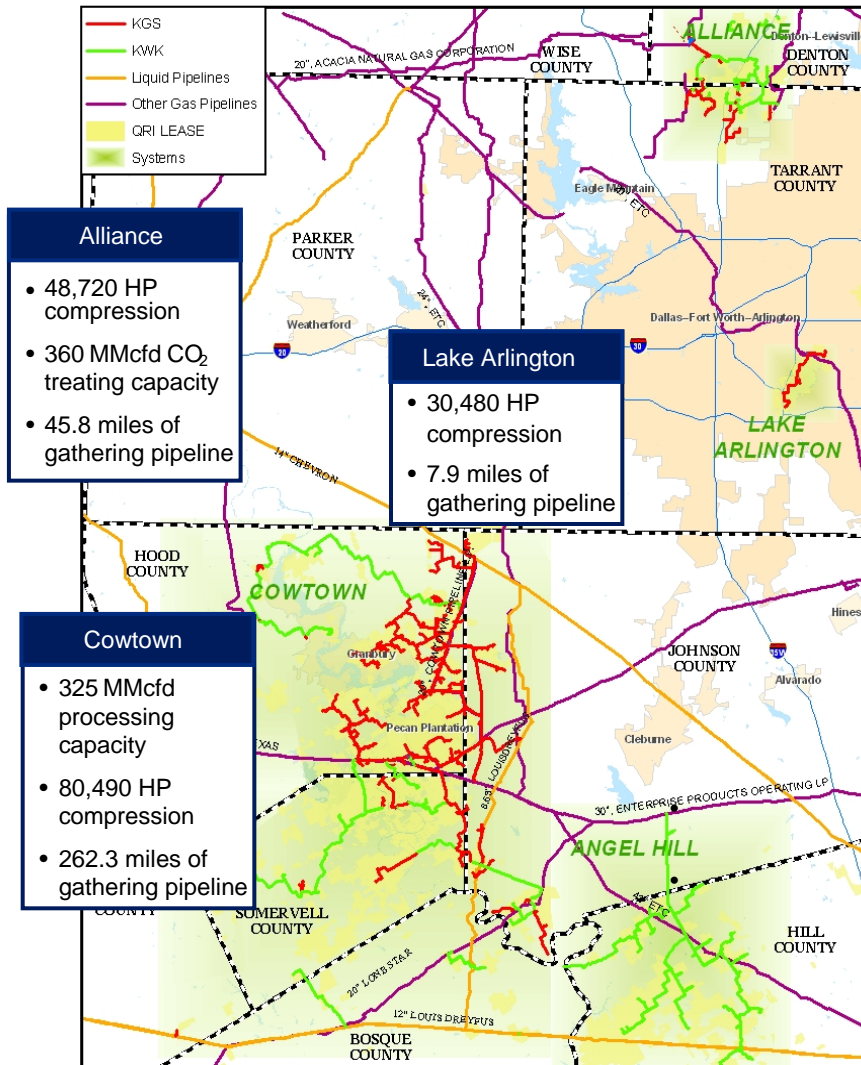
(1) \$0.40 equals typical basis differential to the Barnett Shale area



Source: MIT Energy Institute

# Key Operating Statistics

## Map of Operations



## Capacity, Utilization and Rates

System	Wells	Capacity (MMcf/d)	Volumes (MMcf/d)	Utilization
Alliance	169	300	142	47%
Lake Arlington	57	230	86	37%
Cowtown	472	325	135	42%
<b>Total</b>	<b>698</b>	<b>855</b>	<b>363</b>	<b>43%</b>

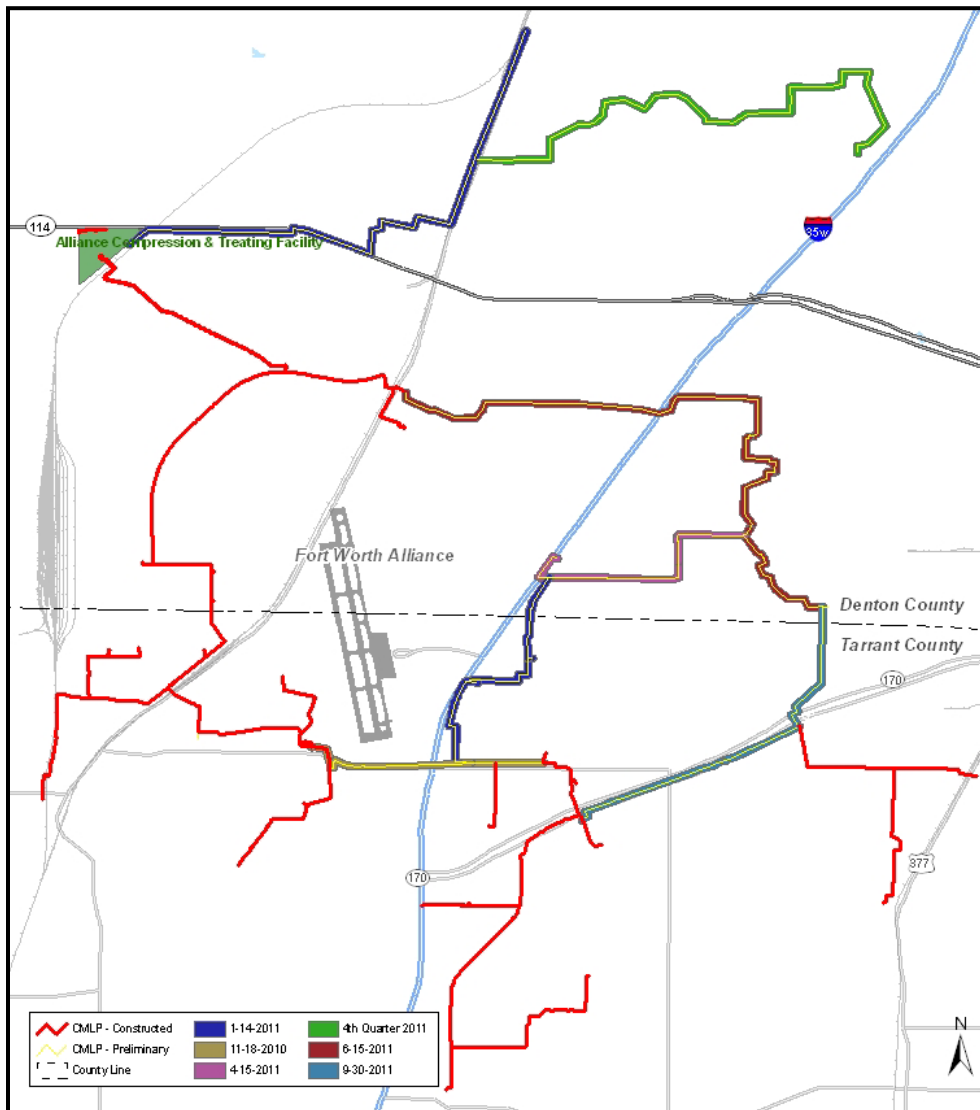
## Fixed Fee Structure – 10 yr contracts

System	Processing	Gathering	Compression
Alliance		\$0.55	
Lake Arlington		\$0.63	
Cowtown	\$0.65	\$0.52	\$0.29

Fees per Mcf are escalated annually by CPI-U index

# Alliance Gathering System

## Map of Operations



## Overview

- KWK acquired the Alliance Field in 2008 for \$1.3 billion; formed a JV with ENI in 2009 to develop the acreage
- ENI JV requires completed horizontal footage levels through 2014; 2 rigs running in area
- 4+ Bcf estimated ultimate recovery (“EUR”); 4-6 MMcf/d initial production (“IP”) rate; 10-20% IRR single well economics @ \$4-5 per Mcf gas price <sup>(1)</sup>
- CMLP acquired the Alliance Gathering System in January 2010 for \$84.4 million
- Significant expansion project underway



(1) CMLP estimates

# Alliance Expansion Update



## Phase 1

- Completed Alliance Station in 3Q 2010
  - CO<sub>2</sub> Treating capacity of 360 MMcf/d to treat 4% CO<sub>2</sub> to pipeline specs
  - Compression – 56,000 hp electric compression currently providing 100 psig service at the wellhead and 1,000 psig discharge into downstream pipelines
  - Downstream Interconnects – Energy Transfer, Crosstex, Enterprise

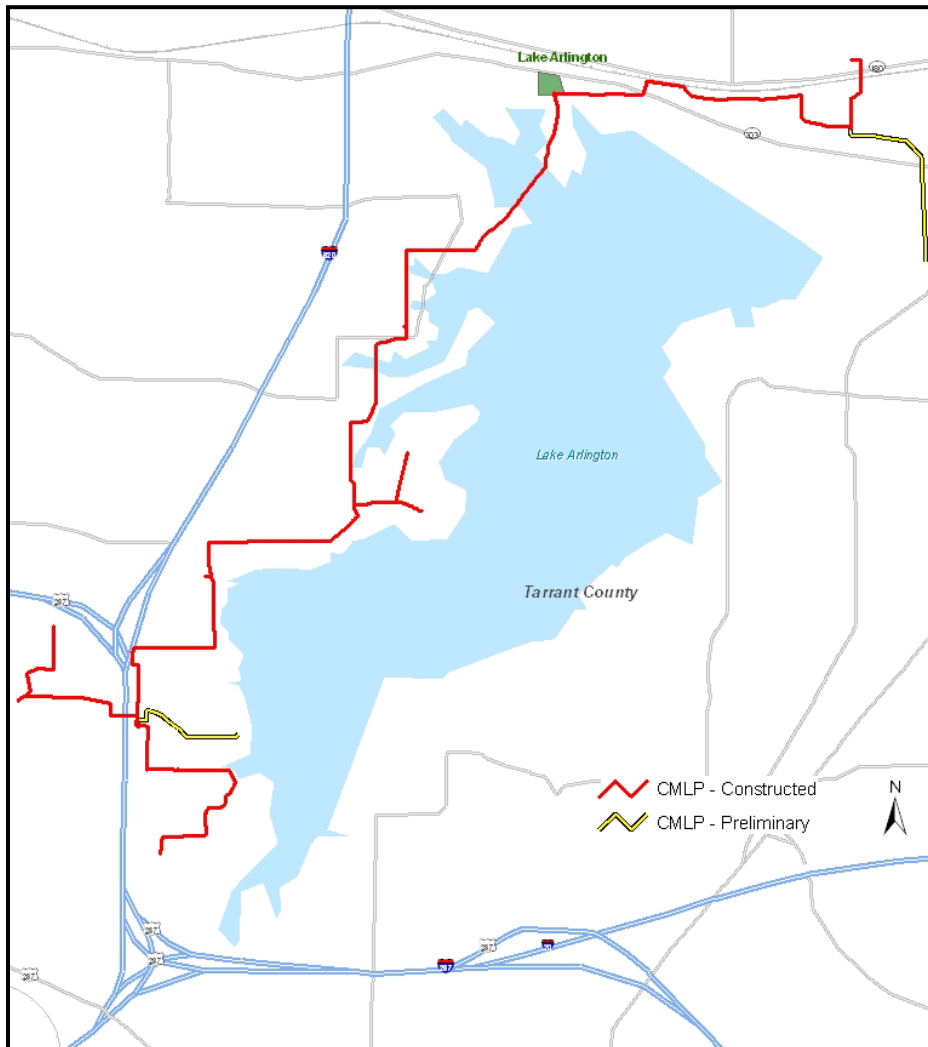
## Phase 2

- Scheduled to complete the Alliance Gathering System by mid-2011
  - Construct a 20" pipeline loop system to connect to all KWK/ENI well pads
  - West side largely complete / G Pad to Brewer completed in Q4 2010
  - East side under construction/Graphics to Brewer in Q1 2011
  - Speedway in service early Q1 2011 / Tie in to ETC Southlake gas in late-2011

## Phase 3

- Convert existing 8"/10" system into gas lift service
  - CMLP is currently leasing the 8"/10" system from KWK for gathering service
  - Gas lift system will take treated and compressed gas back to wellhead for reinjection
  - Eliminates the need for KWK wellhead compression
  - CMLP will get paid for gas lift service; reduce operating cost; improves well recoveries

## Map of Operations



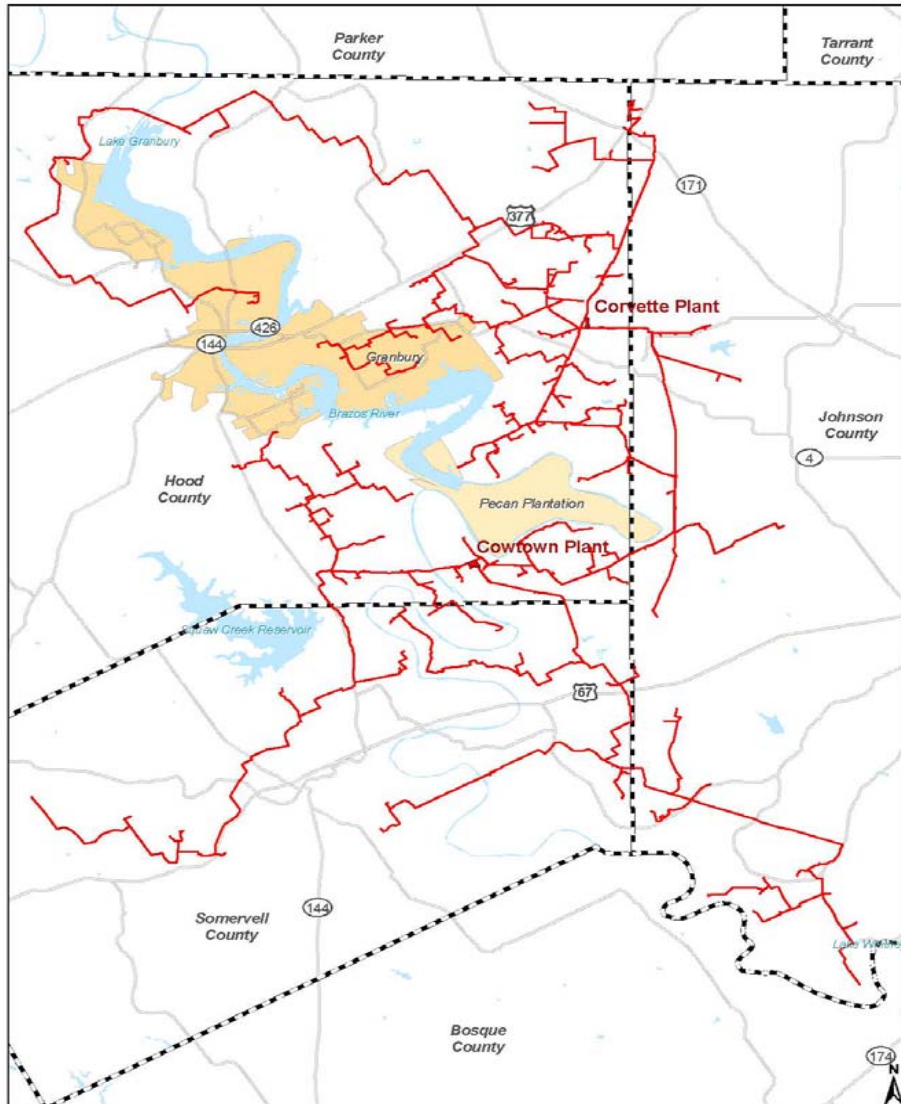
## Overview

- Barnett Shale Core or Tier 1 Area; highest return potential for KWK
  - 5+ Bcf EUR per well; 5.5 MMcf/d IP rate; \$3.4 million D&C costs per well; 25-40% IRR @ \$4-5 Mcf gas price <sup>(1)</sup>
  - Acquired additional acreage/WI in 2010
- Gathering System and Compressor Station largely complete with 230 MMcf/d capacity
  - 2 new gathering laterals and a 3<sup>rd</sup> electric compression and dehydration unit completed in the 4<sup>th</sup> quarter of 2010
  - Interconnect with Chesapeake Midstream providing offload volumes up to 20 MMcf/d
  - 13 new wells in 4Q 2010 including KWK and other 3<sup>rd</sup> party production

(1) CMLP estimates

# Cowtown Gathering System and Plants

## Map of Operations

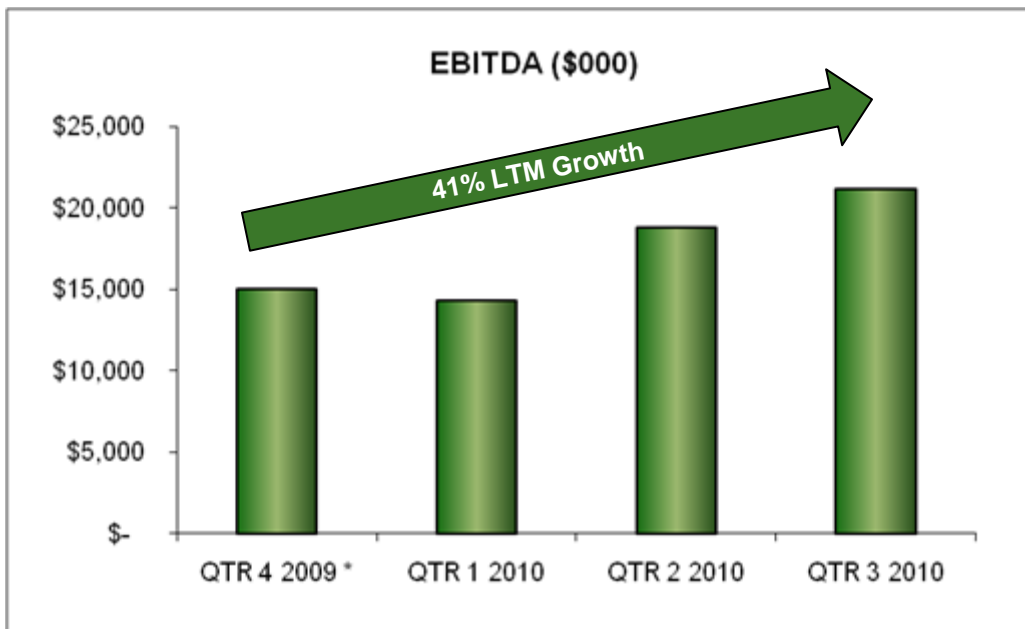
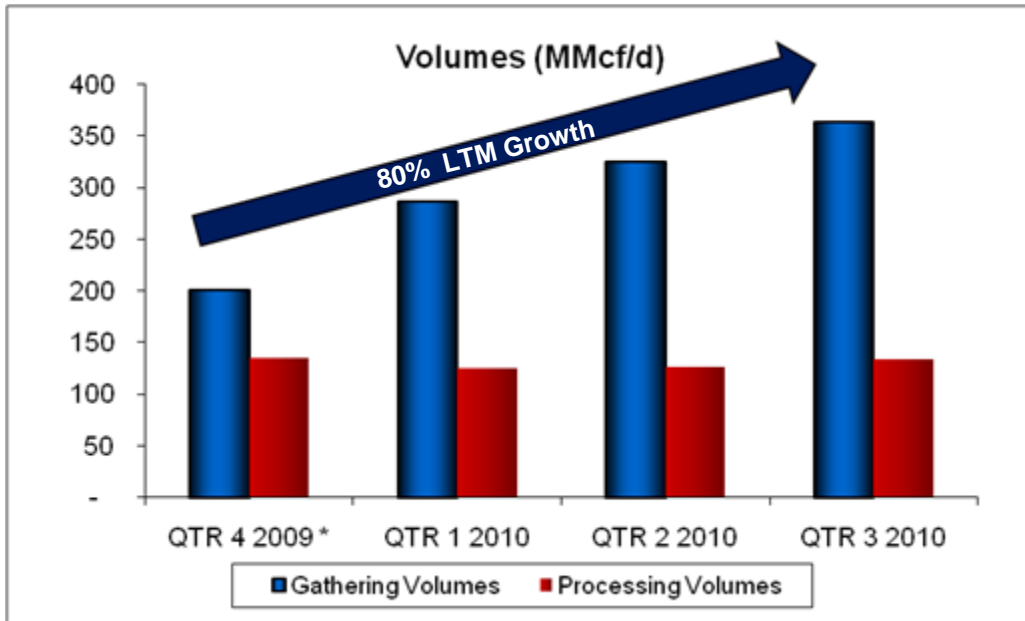


## Overview

- Extensive gathering and processing system largely constructed in 2006 and expanded in 2007-2009
- Located in the “rich gas window” southwestern part of Barnett Shale play
  - High-BTU natural gas (5+ GPM) which drives superior KWK production economics (\$7+ per Mcfe)
- High-recovery processing plants (90%+ of ethane) creates competitive advantage for CMLP



# LTM Performance



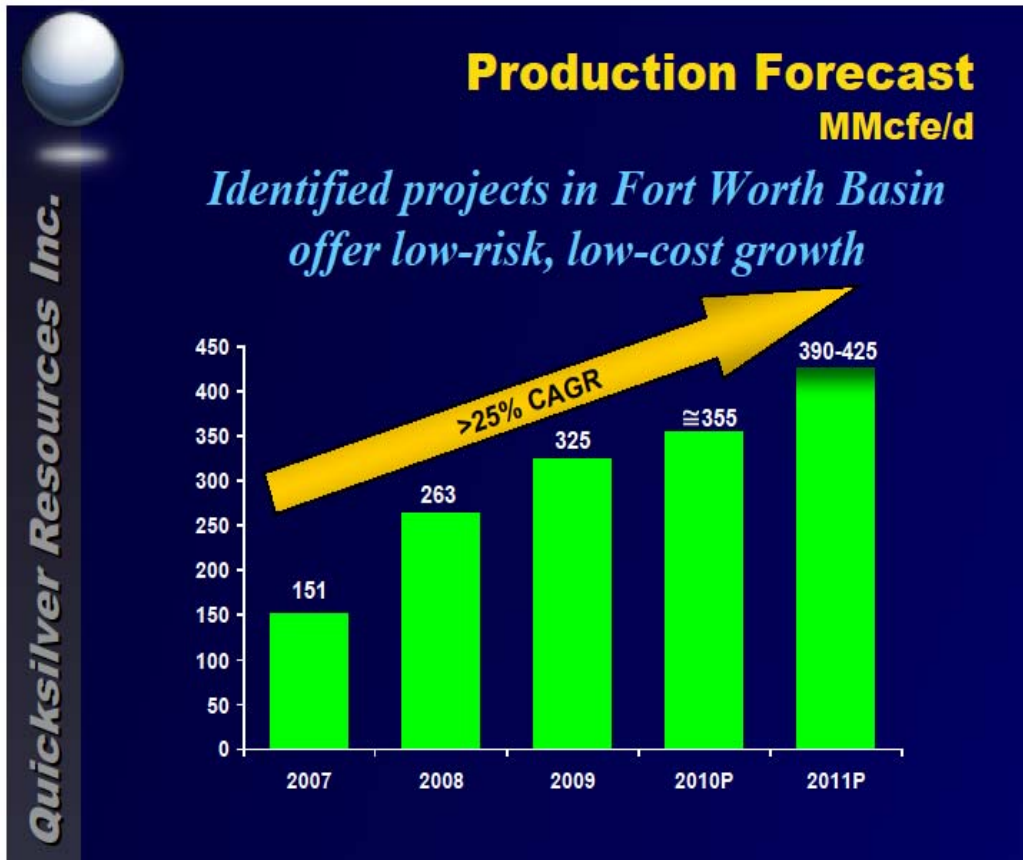
- Strong Gathering Volume and EBITDA growth in recent quarters
  - Alliance system drop-down in 1Q 2010
  - 2010 shift in KWK drilling from Cowtown to Alliance and Lake Arlington
  - Higher gas volumes per completed well due to greater EUR and IP in Alliance and LADS areas
  - Total current run-rate 414 MMcf/d <sup>(1)</sup> vs YTD average 343 MMcf/d
- Alliance System
  - Volumes up 50%
  - 95 MMcf/d Q4 2009 to 142 Mmcf/d Q3 2010
  - Current run-rate 175 MMcf/d vs YTD average of 140 MMcf/d
- Lake Arlington System
  - Volumes up 34%
  - 64 MMcf/d Q4 2009 to 86 Mmcf/d Q3 2010
  - Current run-rate 117 MMcf/d vs YTD average of 75 MMcf/d
- Cowtown System and Plants
  - Gathering and Processing Volumes are flat
  - 137 MMcf/d Q4 2009 vs 135 Mmcf/d Q3 2010
  - Current run-rate 122 MMcf/d vs YTD average of 128 MMcf/d

\* Excludes operations of the Alliance system which was acquired in January 2010. Gathering volumes and EBITDA of the Alliance system in Q4 2009 totaled 95 MMcf/d and \$1.8 million, respectively.

(1) run-rate field measurement volumes as of December 1, 2010

## Quicksilver Resources (KWK) confirms 2011E Capital Spending and previous Production Forecast

“Quicksilver’s 2011 capital program is anticipated to result in an **increase of more than 20%** in our average daily production volumes.” Glen Darden, Pres. & CEO, Quicksilver Resources Inc.



Source: KWK Investor Presentation – November 2010

- On December 2, 2010, KWK announced its 2011 Capital Budget and Production Targets
  - \$455 Million Capex Budget; \$320 million in the Barnett Shale
  - Volume guidance of 425-435 MMcfe/d; estimate net 360-370 Mmcfe/d in the Barnett Shale
  - 85 total well completions in the Barnett Shale, including 40 new wells drilled
  - 2 drilling rigs operating in the Barnett Shale
  - 50% of 2011 production hedged above \$6.06 Mcf and \$38.33 Bbl
- Additional CMLP revenue volumes include: 3<sup>rd</sup> party gas, ENI (Alliance), gas lift gas, royalty gas (12.5%-27.5%) and gross up for fuel and shrink through system and plant

# Financial Recap



Description	Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
	2010	2009	% Change	2010	2009	% Change
EBITDA (\$000s)	\$21,150	\$15,024	41%	\$54,208	\$47,422	14%
Distributable Cash Flow (\$000s)	\$16,929	\$11,568	46%	\$43,773	\$36,322	21%
Net Income (\$000s) <sup>(1)</sup>	\$12,231	\$7,138	71%	\$28,533	\$23,548	21%
Distributions Paid Per Unit	\$0.42	\$0.39	8%	\$1.23	\$1.13	9%
Distribution Coverage	1.22x	1.19x	3%	1.15x	1.30x	-12%
Debt <sup>(2)</sup> to LTM EBITDA				3.36x	3.18x	6%
Gathering Volumes (MMcf/d)	363	213	70%	325	245	33%
Processing Volumes (MMcf/d)	134	143	-6%	128	154	-17%

<sup>(1)</sup> 2009 includes a loss from discontinued operations of \$348,000 (\$0.01 per unit) and \$1,802,000 (\$0.07 per unit) for the three-months and nine-months ended September 30, 2009, respectively.

<sup>(2)</sup> Excludes debt on subordinated note payable, which was converted to common units in October 2010.

Note: See Non-GAAP reconciliations at the end of this presentation

# Long Term Growth Strategy

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- Execute on Barnett Shale organic growth plans
  - Complete Alliance Expansion Project
  - Provide KWK with “best-in-class” midstream services
  - Aggressively pursue 3<sup>rd</sup> party volumes and consolidation opportunities
- Diversify Crestwood’s basin and producer concentration risk
- Seek accretive and high return acquisitions and/or green-field infrastructure investments
  - Focus on other high growth shale plays and seek value opportunities in conventional areas
- Utilize Crestwood’s strong balance sheet, access to the capital markets and the financial sponsorship of First Reserve to expand our portfolio
- Maintain financial discipline; consistent distribution growth

# Key Investment Considerations

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- Attractive, long-term, high growth assets in the Barnett Shale
  - Strong producer, large acreage dedication and long term contracts
  - Upside opportunities for 3<sup>rd</sup> party volumes and area consolidation
- Stable, low risk gathering & processing business
  - 100% fixed fee contracts with 10-year term and annual escalators
  - State-of-the-art, efficient, high recovery plants result in low maintenance requirements
- Crestwood's acquisition of CMLP provides a strong platform for growth
  - Dedicated midstream management team and supportive general partner sponsor
  - Acquisition strategy to diversify into new basins and new producers
  - Crestwood Holding's provides flexibility to structure and finance transactions

# Non-GAAP Reconciliations

# Non-GAAP Financial Measures

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The following schedule of this presentation provides reconciliations of the non-GAAP financial measures EBITDA and Distributable Cash Flow to their most directly comparable financial measures calculated and presented in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Our non-GAAP financial measures should not be considered as alternatives to GAAP measures such as net income or operating income or any other GAAP measure of liquidity or financial performance.

We define distributable cash flow as net income from continuing operations adjusted for: (i) the addition of depreciation and accretion expense; (ii) the addition of income taxes; (iii) the addition of non-cash interest expense; and (iv) the subtraction of maintenance capital expenditures. The GAAP measure most directly comparable to Distributable Cash Flow is income from continuing operations. We define EBITDA as net income from continuing operations plus, interest expense, provision for income taxes, and depreciation and accretion expense. EBITDA is commonly used as a supplemental financial measure by senior management and by external users of our financial statements, such as investors, research analysts and rating agencies, to assess the financial performance of our assets without regard to financing methods, capital structures or historical cost basis.

# Non-GAAP Reconciliations – Quarter and Year-to-Date Data



	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(\$ in thousands)			
Net income from continuing operations	\$ 12,231	\$ 7,486	\$ 28,533	\$ 25,350
Depreciation and accretion expense	5,689	5,565	16,696	15,410
Income tax provision	45	235	171	446
Non-cash interest expense, net of capitalized interest cost paid	614	782	3,323	2,516
Maintenance capital expenditures	(1,650)	(2,500)	(4,950)	(7,500)
<b>Distributable cash flow</b>	<b>\$ 16,929</b>	<b>\$ 11,568</b>	<b>\$ 43,773</b>	<b>\$ 36,222</b>
<b>Total cash distributions declared for respective periods</b>	<b>\$ 13,872</b>	<b>\$ 9,699</b>	<b>\$ 38,134</b>	<b>\$ 27,864</b>
<b>Coverage</b>	<b>1.22x</b>	<b>1.19x</b>	<b>1.15x</b>	<b>1.30x</b>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
	(\$ in thousands)			
Total revenues	\$ 30,366	\$ 23,236	\$ 82,299	\$ 70,540
Operations and maintenance expense	7,205	6,485	21,806	17,656
General and administrative expense	2,011	1,727	6,285	5,463
Adjusted gross margin	21,150	15,024	54,208	47,421
Other income	-	-	-	1
<b>EBITDA</b>	<b>21,150</b>	<b>15,024</b>	<b>54,208</b>	<b>47,422</b>
Depreciation and accretion expense	5,689	5,565	16,696	15,410
Interest expense	3,185	1,738	8,808	6,216
Income tax provision	45	235	171	446
Net income from continuing operations	\$ 12,231	\$ 7,486	\$ 28,533	\$ 25,350

# Non-GAAP Reconciliations – Last Twelve Months Data



	Three Months Ended			
	Dec 31, 2009	March 31, 2010	June 30, 2010	Sep 30, 2010
	(\$ in thousands)			
Total revenues	\$ 21,670	\$ 24,739	\$ 27,194	\$ 30,366
Operations and maintenance expense	4,509	8,013	6,588	7,205
General and administrative expense	2,146	2,441	1,833	2,011
Adjusted gross margin	15,015	14,285	18,773	21,150
Other income	-	-	-	-
<b>EBITDA</b>	<b>15,015</b>	<b>14,285</b>	<b>18,773</b>	<b>21,150</b>
Depreciation and accretion expense	4,881	5,365	5,642	5,689
Interest expense	2,303	2,678	2,945	3,185
Income tax provision	(47)	53	73	45
Net income from continuing operations	\$ 7,878	\$ 6,189	\$ 10,113	\$ 12,231

Note: 4<sup>th</sup> quarter 2009 excludes operations of the Alliance system which was acquired in January 2010. Net income from continuing operations and EBITDA of the Alliance system in Q4 2009 would have totaled \$1.3 million and \$1.8 million, respectively.