GENESIS ENERGY LP
Form 424B5
November 05, 2010
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Filed Pursuant to Rule 424(b)5
Registration No. 333-167189

PROSPECTUS SUPPLEMENT

(to Prospectus dated August 4, 2010)

4,500,000 Common Units

Genesis Energy, L.P.

Common Units Representing Limited Partner Interests

We are offering 4,500,000 common units representing limited partner interests of Genesis Energy, L.P. Our common units are traded on the New York Stock Exchange under the symbol GEL. The last reported sale price of our common units on the New York Stock Exchange on November 2, 2010 was $25.03 per common unit.

Investing in our common units involves risks. Read Risk Factors beginning on page S-10 of this prospectus supplement and beginning on page 2 of the accompanying prospectus.

	Per Common Unit	Total
Initial Price to Public	$23.58	$106,110,000
Underwriting discounts and commissions	$ 1.00	$ 4,500,000
Proceeds, before expenses, to Genesis Energy, L.P.	$22.58	$101,610,000

The underwriters may also purchase up to an additional 675,000 common units from us at the public offering price, less underwriting discounts and commissions payable by us, to cover over-allotments, if any, within 30 days from the date of this prospectus supplement. If the underwriters exercise the option in full, the total underwriting discounts and commissions will be $5,175,000, and the net proceeds, before expenses, to us will be $116,851,500.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters are offering the common units as set forth under Underwriting. Delivery of the common units will be made on or about November 9, 2010.

Joint Book-Running Managers

Wells Fargo Securities **BofA Merrill Lynch**

RBC Capital Markets **UBS Investment Bank** **Deutsche Bank Securities**

Co-Manager

Morgan Keegan & Company, Inc.

The date of this prospectus supplement is November 4, 2010

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PROSPECTUS SUPPLEMENT

PROSPECTUS

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You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us relating to this offering of common units. Neither we nor the underwriters have authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are offering to sell the common units, and seeking offers to buy the common units, only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or any free writing prospectus is accurate as of any date other than the dates shown in these documents or that any information we have incorporated by reference herein is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

None of Genesis Energy, L.P., the underwriters or any of their respective representatives is making any representation to you regarding the legality of an investment in our common units by you under applicable laws. You should consult your own legal, tax and business advisors regarding an investment in our common units. Information in this prospectus supplement and the accompanying prospectus is not legal, tax or business advice to any prospective investor.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of common units. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering of common units. Generally, when we refer only to the prospectus, we are referring to both parts combined. If the information about the common unit offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated by reference into this prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Please read Where You Can Find More Information on page S-23 of this prospectus supplement.

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SUMMARY

This summary highlights some basic information from other sections of this prospectus supplement and the accompanying prospectus. It likely does not contain all the information that is important to you or that you may wish to consider before making an investment decision. You should read carefully the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other documents to which we refer for a more complete understanding of our business and the terms of this offering, as well as the tax and other considerations that are important to you in making your investment decision. Please read Risk Factors beginning on page S-10 of this prospectus supplement and beginning on page 2 of the accompanying prospectus for information regarding risks you should consider before investing in our common units. Unless the context otherwise indicates, the information included in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional common units.

Unless the context otherwise requires, references in this prospectus supplement to Genesis Energy, L.P., Genesis, we, our, us or like terms refer to Genesis Energy, L.P. and its operating subsidiaries; our general partner refers to Genesis Energy, LLC, the general partner of Genesis; Free State refers to Genesis Free State Pipeline, LLC; Quintana refers to Quintana Capital Group II, L.P. and its affiliates; Davison family refers to, collectively, James E. Davison, James E. Davison, Jr., Steven K. Davison and Todd A. Davison and each of their respective families; DG Marine refers to DG Marine Transportation, LLC and its subsidiaries. CO_2 means carbon dioxide; and NaHS, which is commonly pronounced as nash, means sodium hydrosulfide.

Our Company

We are a growth-oriented limited partnership focused on the midstream segment of the oil and gas industry in the Gulf Coast region of the United States, primarily Texas, Louisiana, Arkansas, Mississippi, Alabama and Florida. We were formed in 1996 as a master limited partnership, or MLP. We have a diverse portfolio of customers, operations and assets, including refinery-related plants, pipelines, storage tanks and terminals, barges, and trucks. We provide an integrated suite of services to refineries; oil, natural gas and CO_2 producers; industrial and commercial enterprises that use NaHS and caustic soda; and businesses that use CO_2 and other industrial gases. Substantially all of our revenues are derived from providing services to integrated oil companies, large independent oil and gas or refinery companies, and large industrial and commercial enterprises.

We conduct our operations through subsidiaries and joint ventures. As is common with MLPs, our general partner is responsible for operating our business, including providing all necessary personnel and other resources.

We manage our businesses through four divisions that constitute our reportable segments:

Pipeline Transportation

We transport crude oil and CO_2 for others for a fee in the Gulf Coast region of the U.S. through approximately 550 miles of pipeline. Our Pipeline Transportation segment owns and operates three crude oil common carrier pipelines and two CO_2 pipelines. Our 235-mile Mississippi System provides shippers of crude oil in Mississippi indirect access to refineries, pipelines, storage terminals and other crude oil infrastructure located in the Midwest. Our 100-mile Jay System originates in southern Alabama and the panhandle of Florida and provides crude oil shippers access to refineries, pipelines and storage near Mobile, Alabama. Our 90-mile Texas System transports crude oil from West Columbia to several delivery points near Houston. Our crude oil pipeline systems include access to a total of approximately 0.7 million barrels of crude oil storage.

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Our Free State Pipeline is an 86-mile, 20 CO_2 pipeline that extends from CO_2 source fields near Jackson, Mississippi, to oil fields in eastern Mississippi. We have a twenty-year transportation services agreement (through 2028) related to the transportation of CO_2 on our Free State Pipeline.

In addition, Denbury Resources, Inc. and its subsidiaries, or Denbury, have leased from us (through 2028) the Northeast Jackson Dome Pipeline System, or the NEJD System, a 183-mile, 20 CO_2 pipeline extending from the Jackson Dome, near Jackson, Mississippi, to near Donaldsonville, Louisiana. The NEJD System transports CO_2 to tertiary oil recovery operations in southwest Mississippi.

Refinery Services

We primarily (i) provide services to eight refining operations located predominantly in Texas, Louisiana and Arkansas; (ii) operate significant storage and transportation assets in relation to our business and (iii) sell NaHS and caustic soda to large industrial and commercial companies. Our refinery services primarily involve processing refiners high sulfur (or sour) gas streams to remove the sulfur. Our refinery services footprint also includes terminals, and we utilize railcars, ships, barges and trucks to transport product. Our refinery services contracts are typically long-term in nature and have an average remaining term of four years. NaHS is a by-product derived from our refinery services process, and it constitutes the sole consideration we receive for these services. A majority of the NaHS we receive is sourced from refineries owned and operated by large companies, including ConocoPhillips, CITGO, Holly Corp. and Ergon. We believe we are one of the largest marketers of NaHS in North and South America.

Supply and Logistics

We provide services primarily to Gulf Coast oil and gas producers and refineries through a combination of purchasing, transporting, storing, blending and marketing crude oil and refined products, primarily fuel oil. In connection with these services, we utilize our portfolio of logistical assets consisting of trucks, terminals, pipelines and barges. We have access to a suite of more than 270 trucks, 270 trailers, 20 barges (with an aggregate of approximately 660,000 barrels of refined product transportation capacity), 1.6 million barrels of terminal storage capacity in multiple locations along the Gulf Coast, and our three common carrier crude oil pipelines. Usually, our supply and logistics segment experiences limited commodity price risk because it involves back-to-back purchases and sales, matching our sale and purchase volumes on a monthly basis. Unsold volumes are hedged with NYMEX derivatives to offset the remaining price risk.

Industrial Gases

We provide CO_2 and certain other industrial gases and related services to industrial and commercial enterprises. We supply CO_2 to industrial customers under long-term contracts, with an average remaining contract life of seven years. We acquired those contracts, as well as the CO_2 necessary to satisfy substantially all of our expected obligations under those contracts, in three separate transactions. Our compensation for supplying CO_2 to our industrial customers is the effective difference between the price at which we sell our CO_2 under each contract and the price at which we acquired our CO_2 pursuant to our volumetric production payments (also known as VPPs), minus transportation costs. In addition to supplying CO_2, we own a 50% joint venture interest in T&P Syngas, from which we receive distributions earned from fees for manufacturing syngas (a combination of carbon monoxide and hydrogen) by Praxair Hydrogen Supply Inc., our 50% joint venture partner. Our other joint venture is a 50% interest in Sandhill Group, LLC through which we process raw CO_2 for sale to other customers for uses ranging from completing oil and natural gas producing wells to food processing.

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Our General Partner

On February 5, 2010, affiliates and co-investors of Quintana along with members of the Davison family and members of our senior executive management team, acquired control of our general partner. Our general partner owns all of our general partner interest and all of our incentive distribution rights.

Quintana includes a number of energy and energy-related enterprises and investments managed and/or controlled in part by Corbin J. Robertson, Jr. and certain Robertson family trusts. Members of the Davison family have invested in us since 2007. In addition to their investment in our general partner, members of the Davison family own approximately 22% of our common units.

Our Objectives and Strategies

Our primary business objectives are to generate stable cash flows that allow us to make quarterly cash distributions to our unitholders and to increase those distributions over time. We plan to achieve those objectives by executing the following business and financial strategies.

Business Strategy

Our primary business strategy is to provide an integrated suite of transportation, storage and marketing services to oil and gas producers, refineries and other customers. Successfully executing this strategy should enable us to generate and grow sustainable cash flows. We intend to develop our business by:

- Identifying and exploiting incremental profit opportunities, as well as cost synergies, across an increasingly integrated footprint;
- Optimizing our existing assets and creating synergies through additional commercial and operating advancement;
- Leveraging customer relationships across business segments;
- Attracting new customers and expanding our scope of services offered to existing customers;
- Expanding the geographic reach of our refinery services and supply and logistics segments;
- Economically expanding pipeline and terminal operations; and
- Evaluating internal and third party growth opportunities that leverage our core competencies and strengths and further integrate our businesses.

Financial Strategy

We believe that preserving financial flexibility is an important factor in our overall strategy and success. Over the long-term, we intend to:

- Increase the relative contribution of recurring and throughput-based revenues, emphasizing longer-term contractual arrangements;

Balance opportunistic transactions with long-term customer services;

Prudently manage our limited commodity price risks;

Maintain a sound, disciplined capital structure; and

Create strategic arrangements and share capital costs and risks through joint ventures and strategic alliances.

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Our Competitive Strengths

We believe we are well positioned to execute our strategies and ultimately achieve our objectives due primarily to the following competitive strengths:

Our businesses encompass a balanced, diversified portfolio of customers, operations and assets. We operate four business segments and own and operate assets that enable us to provide a number of services to refinery owners; oil, natural gas and CO_2 producers; industrial and commercial enterprises that use NaHS and caustic soda; and businesses that use CO_2 and other industrial gases. Our business lines complement each other as they allow us to offer an integrated suite of services to common customers across segments.

We have indirect exposure to fast-growing, developing economies outside of the U.S. The by-product NaHS derived from our refinery services process is sold to the mining and pulp and paper industries where it is utilized in the production of products that are sold into global markets.

We have low commodity price risk exposure. The volumes of crude oil, refined products or intermediate feedstocks that we purchase are either subject to back-to-back sales contracts or are hedged with NYMEX derivatives to limit our exposure to movements in the price of the commodity. We monitor the effectiveness of the hedges to require that our value at risk of such hedged inventory does not exceed $2.5 million.

Our businesses provide consistent consolidated financial performance. During the adverse economic environment that began in the third quarter of 2008 and continued until earlier this year, our businesses provided consistent performance that, when combined with our conservative capital structure, has allowed us to increase our distribution for the twenty-first consecutive quarter as of our most recent distribution declaration.

Our pipeline transportation and related assets are strategically located. Our owned and operated crude oil pipelines are located in the Gulf Coast region and provide our customers access to multiple delivery points. In addition, a majority of our terminals are located in areas that can be accessed by either truck, rail or barge.

The scale of our refinery services operations as well as our expertise and reputation for high performance standards and quality enable us to provide refiners with economic and proven services. We believe we are one of the largest marketers of NaHS in North and South America and we have a suite of assets that enables us to facilitate growth in our business. In addition, our extensive understanding of the sulfur removal process and refinery services market provides us with an advantage when evaluating new opportunities and/or markets.

Our supply and logistics business is operationally flexible. Our portfolio of trucks, barges and terminals affords us flexibility within our existing regional footprint and the capability to enter new markets and expand our customer relationships.

We are financially flexible and have significant liquidity. As of September 30, 2010, we had $426 million borrowed under our $525 million credit agreement, with $50.4 million of that amount designated as a loan under the $75 million petroleum products inventory loan sublimit. We also had $4.3 million in letters of credit outstanding. Our inventory borrowing base was $50.4 million at September 30, 2010.

We have an experienced, knowledgeable and motivated senior executive management team with a proven track record. Our senior executive management team has an average of more than 25 years of experience in the midstream sector. They have worked in leadership roles at a number

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of large, successful public companies, including other publicly-traded partnerships. Through their equity interest in us and our general partner, our senior executive management team is incentivized to create value by increasing cash flows.

Recent Events

Twenty-One Consecutive Distribution Rate Increases

We have increased our quarterly distribution rate for 21 consecutive quarters. On October 13, 2010, our board of directors declared a cash distribution of $0.3875 per unit to unitholders of record as of November 2, 2010, an approximate 3.3% increase per unit from the distribution in the prior quarter, and an increase of approximately 9.9% from the distribution in November 2009. As in the past, future increases (if any) in our quarterly distribution rate will depend on our ability to execute critical components of our business strategy.

CHOPS Acquisition

On October 22, 2010, we entered into a purchase and sale agreement to acquire from Valero Energy Corporation a 50% equity interest in the Cameron Highway Oil Pipeline Company for approximately $330 million. Cameron Highway, a joint venture with Enterprise Products Partners, L.P., owns and operates the Cameron Highway pipeline system, a crude oil pipeline in the Gulf of Mexico. Constructed in 2004, the Cameron Highway pipeline system is a 24- and 30- inch diameter pipeline with capacity to deliver up to 500,000 barrels per day of crude oil from developments in the Gulf of Mexico to refining markets along the Texas Gulf Coast located in Port Arthur and Texas City and includes approximately $50 million of crude oil linefill and $9 million in pumping equipment (in each case, net to Valero s interest). Valero s share of annualized distributions from the joint venture was approximately $27 million and $33 million at December 31, 2009 and June 30, 2010, respectively. There can be no assurance that future distributions from the joint venture will be consistent with historical distributions. Enterprise Products owns the remaining 50% interest in, and operates, the joint venture. The consummation of the acquisition is subject to the satisfaction or waiver of customary conditions, including receiving all applicable governmental approvals. The purchase price is subject to customary adjustments, including for the amount of working capital as of the closing date.

We intend to finance the approximate $330 million purchase price for the acquisition of Cameron Highway Oil Pipeline Company with the net proceeds from this offering, including our general partner s proportionate capital contribution, and $200 million of debt financing. However, to protect against the possibility of a rapid deterioration in the capital markets, we entered into an agreement with a group of banks to provide up to $300 million of unsecured financing. This unsecured facility allows for borrowings through December 31, 2011.

The sale of our common units in this offering is not conditioned on the consummation of that acquisition. Purchasers of our common units should not assume that the acquisition will close in a timely manner, if at all.

Acquisition of DG Marine

Originally formed in 2008, DG Marine was a joint venture in which we owned a 49% economic interest and TD Marine, a related party, owned the remaining 51% economic interest. On July 28, 2010, we acquired the 51% economic interest in DG Marine held by TD Marine for $25.5 million, resulting in DG Marine become our wholly-owned subsidiary. DG Marine provides transportation services of petroleum products by barge that complements our other supply and logistics operations.

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Restructured Credit Agreement

On June 29, 2010, we restructured our credit agreement. Our credit agreement now provides for a $525 million senior secured revolving credit facility, includes an accordion feature whereby the total credit available can be increased up to $650 million under certain circumstances, and matures on June 30, 2015. Among other modifications, our credit agreement now includes a $75 million sublimit tranche designed for more efficient financing of crude oil and petroleum products inventory.

Change of Control of Our General Partner

In February 2010, Quintana, along with members of the Davison family, our senior executive management team and certain other investors acquired control of our general partner. Our general partner owns all of our general partner interest and all of our incentive distribution rights.

Possible Partnership Simplification or IDR Restructuring Transaction

Our senior management has continuously evaluated strategic alternatives in an effort to enhance unitholder value. Among other things, senior management has focused on improving our competitive position and enhancing our long-term growth prospects by reducing our equity cost of capital, the impact of which it believes would benefit the holders of our common units. Senior management believes that our cost of capital potentially has (and will continue to) become high in comparison to a number of publicly traded limited partnerships in our peer group. Our cost of issuing new units to facilitate our continuing growth includes not only the distributions payable to such new unitholders, but also the percent of our aggregate quarterly distributions we pay to our general partner in respect of our general partner interest (2%) and incentive distribution rights (currently, approximately 49%), or IDRs.

Our general partner s Board of Directors has authorized us to analyze alternative restructuring transactions, and it granted our Conflicts Committee the authority to analyze, negotiate, and consider for Special Approval (as defined in our partnership agreement) and recommendation to the Board such a restructuring. In September 2010, we engaged a financial advisor to assist us, and in October 2010, our Conflicts Committee engaged legal and financial advisors to assist it in the Special Approval process.

Senior management believes that, under the right circumstances, the most desirable restructuring transaction would be to alleviate the burden to our equity cost of capital through the complete elimination (in one form or another) of our IDRs. It is impossible, at this time, to determine (i) whether or not we will consummate any form of a restructuring transaction, or (ii) if we were to consummate a restructuring transaction, when such transaction would be consummated and what terms such a transaction would include, such as (a) whether we would reset, cap, repurchase or eliminate our IDRs; (b) whether the consideration therefore would be in the form of common units, other equity, debt, cash, other consideration or any combination thereof; and (c) what other terms might be required.

Our Offices

Our executive offices are located at 919 Milam, Suite 2100, Houston, Texas 77002, and the phone number at this address is (713) 860-2500.

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Ownership Structure

We conduct our operations through, and our operating assets are owned by, our subsidiaries and joint ventures. As is customary with publicly-traded limited partnerships, Genesis Energy, LLC, our general partner, is responsible for operating our business, including providing all necessary personnel and other resources.

Genesis Energy, LLC is a holding company with employees, but with no independent assets or operations other than its general partner interest in us and several of our subsidiaries. Our general partner is dependent upon the cash distributions it receives from us to service any obligations it may incur. Our general partner is controlled by Quintana, its co-investors, members of the Davison family and members of our senior executive management team.

Below is a chart depicting our ownership structure after giving effect to this offering.

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The Offering

Common Units Offered by Us	4,500,000 common units (5,175,000 common units if the underwriters exercise their over-allotment option in full).
Common Units Outstanding Before this Offering	39,585,692 common units.
Common Units Outstanding After this Offering	44,085,692 common units (44,760,692 common units if the underwriters exercise their over-allotment option in full).
Use of Proceeds	We intend to use the net proceeds from this offering of approximately $102 million (before payment of offering expenses), including our general partner s proportionate capital contribution to maintain its 2% general partner interest and any net proceeds from the underwriters exercise of their over-allotment option, for general partnership purposes, including funding a portion of the approximately $330 million purchase price and related transaction costs for our pending acquisition of a 50% equity interest in the Cameron Highway Oil Pipeline Company. If that acquisition is not consummated, all of the net proceeds will be used for other general partnership purposes, including the repayment of borrowings outstanding under our credit agreement. Please read Use of Proceeds on page S-11 of this prospectus supplement.
Cash Distributions	Within approximately 45 days after the end of each quarter, we will distribute all available cash to unitholders of record on the applicable record date. However, there is no guarantee that we will pay a distribution on the common units in any quarter, and we will be prohibited from making any distributions to unitholders if it would cause an event of default, or if an event of default then exists, under our credit agreement. Please read Cash Distribution Policy beginning on page 12 of the accompanying prospectus.

On October 13, 2010, the board of directors of our general partner declared a cash distribution to our unitholders of $0.3875 per common unit for the quarter ended September 30, 2010, which will be paid on November 12, 2010 to unitholders of record at the close of business on November 2, 2010. This distribution represents an increase of approximately 9.9% over the third quarter 2009 quarterly distribution of $0.3525 per unit, and an approximately 3.3% increase over the distribution paid with respect to the second quarter of 2010. This is the twenty-first consecutive quarter in which we have increased our quarterly distribution. Purchasers in this offering will not receive the distribution payable on November 12, 2010.

Incentive Distributions	Our general partner is entitled to receive incentive distributions if the amount we distribute with respect to any quarter exceeds levels specified in our partnership

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	agreement. Under the quarterly incentive distribution provisions, our general partner is entitled to receive 13.3% of any distributions in excess of $0.25 per unit, 23.5% of any distributions in excess of $0.28 per unit, and 49% of any distributions in excess of $0.33 per unit, without duplication. Please read Cash Distribution Policy Distributions of Available Cash From Operating Surplus Incentive Distribution Rights beginning on page 13 of the accompanying prospectus.
Estimated Ratio of Taxable Income to Distributions	We estimate that if you own the common units you purchase in this offering through the record date for the distribution with respect to the final calendar quarter of 2012, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 20% or less of the cash distributed to you with respect to that period. Please read Material Tax Considerations beginning on page S-14 of this prospectus supplement for the basis of this estimate.
Conflicts of Interest	As described in Use of Proceeds, some of the net proceeds of this offering may be used to repay borrowings under our credit agreement. Because affiliates of Wells Fargo Securities, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC, UBS Securities LLC, Deutsche Bank Securities Inc. and Morgan Keegan & Company, Inc. are lenders under our credit agreement, certain of the underwriters or their affiliates may receive more than 5% of the proceeds of this offering (not including underwriting discounts and commissions). Nonetheless, in accordance with the Financial Industry Authority Rule 2720, the appointment of a qualified independent underwriter is not necessary in connection with this offering because the common units offered hereby are interests in a direct participation program. Investor suitability with respect to the common units will be judged similarly to the suitability with respect to other securities that are listed for trading on a national securities exchange.
New York Stock Exchange Symbol	GEL
Material Tax Consequences	For a discussion of material federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read Material Income Tax Consequences beginning on page 21 of the accompanying prospectus.
Risk Factors	You should read Risk Factors beginning on page S-10 of this prospectus supplement and beginning on page 2 of the accompanying prospectus and found in the documents incorporated herein by reference, as well as the other cautionary statements throughout this prospectus supplement, to ensure you understand the risks associated with an investment in our common units.

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RISK FACTORS

An investment in our common units involves risk. We urge you to read and consider carefully the risk factors included under the caption Risk Factors beginning on page 2 of the accompanying prospectus and those risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2009, which are incorporated by reference in this prospectus supplement, together with all of the other information included or incorporated by reference in this prospectus supplement, before deciding whether this investment is suitable for you. If any of these risks were to occur, our business, financial condition or results of operations could be materially and adversely affected. In such case, the trading price of the common units could decline, and you could lose all or part of your investment.

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USE OF PROCEEDS

We will receive net cash proceeds from this offering of approximately $101.1 million, after payment of underwriting discounts and estimated offering expenses, and approximately $2.2 million from our general partner s proportionate capital contribution to maintain its 2% general partner interest. Should the underwriters exercise their over-allotment option in full, we will receive approximately $116.4 million from this offering and approximately $2.5 million from our general partner for a total of approximately $118.9 million.

We intend to use the net proceeds from this offering, including any net proceeds from the underwriters exercise of their over-allotment option, for general partnership purposes, including funding a portion of the approximately $330 million purchase price and related transaction costs for our pending acquisition of a 50% equity interest in the Cameron Highway Oil Pipeline Company. Please read Summary Recent Events CHOPS Acquisition. If that acquisition is not consummated, all of the net proceeds will be used for other general partnership purposes, including the repayment of borrowings outstanding under our credit agreement.

At September 30, 2010, we had $426 million borrowed under our credit agreement and $4.3 million in letters of credit outstanding. Due to the revolving nature of loans under our credit agreement, additional borrowings and periodic repayments and re-borrowings may be made until the maturity date of June 30, 2015. At September 30, 2010, our borrowing rate margins were 2.75% and 1.75% for eurodollar rate and alternate base rate borrowings, respectively.

During the last 12 months, we have used proceeds from our credit agreement for general partnership purposes, primarily for:

- acquiring the 51% economic interest of DG Marine that we did not own ($25.5 million) and paying off DG Marine s stand-alone credit facility ($44.4 million); and

- infrastructure and improvements ($10.5 million).

Affiliates of certain of the underwriters participating in this offering are lenders under our credit agreement and may receive a portion of the proceeds of this offering through the repayment by us of the indebtedness outstanding under our credit agreement with such proceeds. Please read Underwriting beginning on page S-16 of this prospectus supplement for further details.

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CAPITALIZATION

The following table sets forth our consolidated capitalization as of September 30, 2010:

(1) on a historical basis;

(2) on an adjusted basis to give effect to the sale of common units by us in this offering, the contribution by our general partner to maintain its 2% general partner interest and the application of the net proceeds for general partnership purposes, including the repayment of borrowings outstanding under our credit agreement as described under Use of Proceeds on page S-11 of this prospectus supplement; and

(3) on an adjusted pro forma basis to give effect to the sale of common units by us in this offering, the contribution by our general partner to maintain its 2% general partner interest, the application of the net proceeds for general partnership purposes, including funding the approximately $330 million purchase price for our pending acquisition of a 50% equity interest in the Cameron Highway Oil Pipeline Company and related transaction costs of approximately $5 million, and approximately $200 million of additional long-term debt with estimated transaction costs of $5 million for purposes of funding the remainder of the purchase price for that acquisition.

The following table should be read together with our historical financial statements and the related notes thereto that are incorporated by reference into this prospectus supplement and the accompanying prospectus. Please read Use of Proceeds on page S-11 of this prospectus supplement.

	As of September 30, 2010		
	Historical	As adjusted for this offering (in thousands)	Pro forma adjusted for this offering and the acquisition
Cash and cash equivalents	$ 3,058	$ 3,058	$ 3,058
Long-term debt:			
Genesis revolving credit facility due June 2015	$ 426,000	$ 322,724	$ 462,724
Other long-term debt			200,000
Total long-term debt	$ 426,000	$ 322,724	$ 662,724
Partners capital:			
Common unitholders.	$ 557,079	$ 658,189	$ 653,289