

Blueknight Energy Partners, L.P.
Form 10-Q/A
March 26, 2010

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

FORM 10-Q/A
(Amendment No. 1)

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

For the quarterly period ended June 30, 2009

OR

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

For the transition period from _____ to _____

Commission File Number 001-33503

BLUEKNIGHT ENERGY PARTNERS, L.P.
(Exact name of registrant as specified in its charter)

Delaware	20-8536826
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

Two Warren Place
6120 South Yale Avenue, Suite 500
Tulsa, Oklahoma 74136
(Address of principal executive offices, zip code)

Registrant's telephone number, including area code: (918) 237-4000

SemGroup Energy Partners, L.P.
(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if

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any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

As of August 21, 2009, there were 21,557,309 common units and 12,570,504 subordinated units outstanding.

Explanatory Note

This amendment to our quarterly report on Form 10-Q/A (this "Amendment") is being filed to amend our quarterly report on Form 10-Q for the quarter ended June 30, 2009, which was originally filed on August 24, 2009 (the "Original Filing"). The consolidated financial statements for the three and six months ended June 30, 2009 and related disclosures in this Amendment have been restated in accordance with the changes described below.

In March 2010, we concluded that it was necessary to amend the Original Filing in order to restate our consolidated financial statements for the three and six month periods ended June 30, 2009 to record additional interest expense of \$1.4 million for both the three and six month periods. The additional interest expense results from the application of the interest method of accounting as required by accounting principles generally accepted in the United States, and relates to additional interest payments as specified in our credit agreement. Our credit agreement requires us to pay additional interest on October 6, 2009, April 6, 2010, October 6, 2010 and April 6, 2011, equal to the product of (i) the sum of the total amount of term loans then outstanding plus the aggregate commitments under the revolving credit facility and (ii) 0.50%, 0.50%, 1.00% and 1.00%, respectively.

As a result of this Amendment, the certifications pursuant to Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002, filed as exhibits to our Original Filing, have been revised, re-executed and re-filed as of the date of this Amendment.

No attempt has been made in this Amendment to modify or update the disclosures in the Original Filing except for the changes to the consolidated financial statements described above, certain clarifying disclosures, and related changes to "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Part I. Item 4. Controls and Procedures." Subsequent to the date of the Original Filing, we changed our name to Blueknight Energy Partners, L.P. This Amendment does not reflect this name change other than as indicated on the cover page of this Amendment.

Except for the amended and restated information as discussed above, this Amendment continues to describe conditions as of the date of the Original Filing, and the disclosures contained herein have not been updated to reflect events, results or developments that have occurred after the Original Filing, or to modify or update those disclosures affected by subsequent events unless otherwise indicated in this Amendment. Among other things, forward-looking statements made in the Original Filing have not been revised to reflect events, results or developments that have occurred or facts that have become known to us after the date of the Original Filing, and such forward-looking statements should be read in their historical context. This Amendment should be read in conjunction with our filings made with the Securities and Exchange Commission subsequent to the Original Filing, including any amendments to those filings.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SEMGROUP ENERGY PARTNERS, L.P.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per unit data)

	As of December 31, 2008 (unaudited)	As of June 30, 2009 (Restated)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 28,785	\$ 2,851
Accounts receivable, net of allowance for doubtful accounts of \$554 and \$429 at December 31, 2008 and June 30, 2009, respectively	8,342	9,003
Receivables from related parties, net of allowance for doubtful accounts of \$0 for both dates	18,912	1,456
Prepaid insurance	2,256	2,022
Other current assets	1,811	1,277
Total current assets	60,106	16,609
Property, plant and equipment, net of accumulated depreciation of \$80,277 and \$89,502 at December 31, 2008 and June 30, 2009, respectively	284,489	281,933
Goodwill	6,340	6,340
Debt issuance costs	1,956	7,999
Intangibles and other assets, net	1,750	1,663
Total assets	\$ 354,641	\$ 314,544
LIABILITIES AND PARTNERS' CAPITAL (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 2,610	\$ 3,433
Payables to related parties	20,134	3,335
Accrued interest payable	175	4,976
Accrued property taxes payable	1,951	2,087
Interest rate swap settlements payable	1,505	1,561
Unearned revenue	2,765	5,450
Accrued payroll	170	5,729
Other accrued liabilities	2,753	2,645
Current portion of capital lease obligations	866	572
Total current liabilities	32,929	29,788
Long-term debt	448,100	417,855
Long-term capital lease obligations	255	11
Commitments and contingencies (Notes 5 and 13)		
Partners' capital (deficit):		
Common unitholders (21,557,309 units issued and outstanding for both dates)	481,007	476,993

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Subordinated unitholders (12,570,504 units issued and outstanding for both dates)	(284,332)	(286,673)
General partner interest (2.0% interest with 690,725 general partner units outstanding for both dates)	(323,318)	(323,430)
Total Partners' capital (deficit)	(126,643)	(133,110)
Total liabilities and Partners' capital (deficit)	\$ 354,641	\$ 314,544

See accompanying notes to unaudited consolidated financial statements.

SEMGROUP ENERGY PARTNERS, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per unit data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2009 (Restated) (unaudited)	2008	2009 (Restated)
Service revenue:				
Third party revenue	\$6,027	\$30,494	\$10,651	\$54,604
Related party revenue	49,249	7,020	84,839	25,079
Total revenue	55,276	37,514	95,490	79,683
Expenses:				
Operating	29,505	24,744	51,771	46,956
Allowance for doubtful accounts	1,266	(11)	1,266	(11)
General and administrative	3,057	7,126	6,067	15,833
Total expenses	33,828			