Daigle Darryl
Form 4
July 23, 2018

FORM 4

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

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Daigle Darryl

(Last) (First) (Middle)

3213 WYTCHWOOD DRIVE

(Street)

MORGAN CITY,, LA 70380

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
RESEARCH FRONTIERS INC [REFR]

3. Date of Earliest Transaction (Month/Day/Year)
07/19/2018

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock								194,892	D	
Common Stock								125,000	I	Held By reporting person's wife
Common Stock								69,808	I	Held by reporting person's business, of which he has 50% ownership

									interest
Common Stock	07/19/2018		P	2	A	$ 0.81	17,228	I	Held in IRA by reporting person's wife
Common Stock	07/20/2018		P	200	A	$ 0.83	17,428	I	Held in IRA by reporting person's wife
Common Stock	07/23/2018		P	2,298	A	$ 0.85	19,726	I	Held in IRA by reporting person's wife
Common Stock							2,769	I	Held as custodian for reporting person's gandchildren

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Daigle Darryl 3213 WYTCHWOOD DRIVE MORGAN CITY,, LA 70380	X			

Signatures

/s/ Darryl Daigle 07/23/2018

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. reference to Exhibit 10.1 to Form 8-K dated July 22, 2008)

10.19

Registration Rights Agreement among Denbury Resources, Inc., Denbury Gathering & Marketing, Inc., Denbury Onshore, LLC and Genesis Energy, L.P. dated February 5, 2010 (incorporated by reference to Exhibit 4.1 to Form 8-K dated February 11, 2010)

10.20

+

Genesis Energy, LLC First Amended and Restated Stock Appreciation Rights Plan (incorporated by reference to Exhibit 10.24 to Form 10-K for the year ended December 31, 2008)

10.21

+

Form of Stock Appreciation Rights Plan Grant Notice (incorporated by reference to Exhibit 10.25 to Form 10-K for the year ended December 31, 2008)

10.22

+

Genesis Energy, LLC Amended and Restated Severance Protection Plan (incorporated by reference to Exhibit 10.1 to Form 8-K dated December 12, 2006)

10.23

+

Amendment to the Genesis Energy Severance Protection Plan (incorporated by reference to Exhibit 10.27 to Form 10-K for the year ended December 31, 2008)

10.24

+

Genesis Energy, Inc. 2007 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 8-K dated December 21, 2007)

10.25

+

Form of 2007 Phantom Unit Grant Agreement (3-Year Graded) (incorporated by reference to Exhibit 10.2 to Form 8-K dated December 21, 2007)

10.26

+

Form of 2007 Phantom Unit Grant Agreement (3-Year Cliff) (incorporated by reference to Exhibit 10.3 to Form 8-K dated December 21, 2007)

10.27

+

Employment Agreement by and between Genesis Energy, LLC and Grant E. Sims, dated December 31, 2008 (incorporated by reference to Exhibit 10.1 to Form 8-K dated January 7, 2009)

10.28

+

Employment Agreement by and between Genesis Energy, LLC and Joseph A. Blount, Jr., dated December 31, 2008 (incorporated by reference to Exhibit 10.2 to Form 8-K dated January 7, 2009)

10.29

+

Employment Agreement by and between Genesis Energy, LLC and Robert V. Deere, dated December 31, 2008 (incorporated by reference to Exhibit 10.3 to Form 8-K dated January 7, 2009)

*

10.30

+

Employment Agreement by and between Genesis Energy, Inc. and Steve Nathanson dated July 25, 2007

10.31

+

Genesis Energy, LLC Deferred Compensation Plan, effective December 31, 2008 (incorporated by reference to Exhibit 10.4 to Form 8-K dated January 7, 2009)

10.32

+

Genesis Energy, LLC Award – Individual Class B Interest for Grant E. Sims dated December 31, 2009 (incorporated by reference to Exhibit 10.5 to Form 8-K dated January 7, 2009)

10.33

+

Genesis Energy, LLC Award – Individual Class B Interest for Joseph A. Blount, Jr. dated December 31, 2009 (incorporated by reference to Exhibit 10.6 to Form 8-K dated January 7, 2009)

96

Table of Contents

	10.34	+Genesis Energy, LLC Award – Individual Class B Interest for Robert V. Deere dated December 31, 2009 (incorporated by reference to Exhibit 10.7 to Form 8-K dated January 7, 2009)
	10.35	+Deferred Compensation Grant – Genesis Energy, LLC – Grant E. Sims (incorporated by reference to Exhibit 10.8 to Form 8-K dated January 7, 2009)
	10.36	+Deferred Compensation Grant – Genesis Energy, LLC – Joseph A. Blount, Jr. (incorporated by reference to Exhibit 10.9 to Form 8-K dated January 7, 2009)
	10.37	+Class B Agreement (Sims), dated February 5, 2010 (incorporated by reference to Exhibit 10.2 to Form 8-K dated February 11, 2010)
	10.38	+Class B Agreement (Blount), dated February 5, 2010 (incorporated by reference to Exhibit 10.3 to Form 8-K dated February 11, 2010)
	10.39	+Class B Agreement (Deere), dated February 5, 2010 (incorporated by reference to Exhibit 10.4 to Form 8-K dated February 11, 2010)
	10.40	+Waiver Agreement (Sims), dated February 5, 2010 (incorporated by reference to Exhibit 10.5 to Form 8-K dated February 11, 2010)
	10.41	+Waiver Agreement (Deere), dated February 5, 2010 (incorporated by reference to Exhibit 10.5 to Form 8-K dated February 11, 2010)
	10.42	+Restricted Unit Agreement (Sims), dated February 5, 2010 (incorporated by reference to Exhibit 10.5 to Form 8-K dated February 11, 2010)
	10.43	+Restricted Unit Agreement (Deere), dated February 5, 2010 (incorporated by reference to Exhibit 10.5 to Form 8-K dated February 11, 2010)
	10.44	+Restricted Unit Agreement (Pape), dated February 5, 2010 (incorporated by reference to Exhibit 10.5 to Form 8-K dated February 11, 2010)
*	10.45	+Restricted Unit Agreement (Nathanson) dated February 5, 2010
	11.1	Statement Regarding Computation of Per Share Earnings (See Notes 2 and 12 of the Notes to the Consolidated Financial Statements)
*	21.1	Subsidiaries of the Registrant
*	23.1	Consent of Deloitte & Touche LLP
*	31.1	Certification by Chief Executive Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
*	31.2	Certification by Chief Financial Officer Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934
*	32.1	

		Certification by Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
*	32.2	Certification by Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

*Filed herewith

+A management contract or compensation plan or arrangement.

97

Explanation of Responses:

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENESIS ENERGY, L.P.
(A Delaware Limited Partnership)

By: GENESIS ENERGY, LLC,
as General Partner

Date: February 26, 2010 By: /s/ Grant E. Sims
Grant E. Sims
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated.

	NAME	TITLE (OF GENESIS ENERGY, LLC)*	DATE
/s/	Grant E. Sims Grant E. Sims	Director and Chief Executive Officer (Principal Executive Officer	February 26, 2010
/s/	Robert V. Deere Robert V. Deere	Chief Financial Officer, (Principal Financial Officer)	February 26, 2010
/s/	Karen N. Pape Karen N. Pape	Senior Vice President and Controller (Principal Accounting Officer)	February 26, 2010
/s/	Robert C. Sturdivant Robert C. Sturdivant	Chairman of the Board and Director	February 26, 2010
/s/	David C. Baggett, Jr. David C. Baggett, Jr.	Director	February 26, 2010
/s/	James E. Davison James E. Davison	Director	February 26, 2010
/s/	James E. Davison, Jr. James E. Davison, Jr.	Director	February 26, 2010
/s/	Donald L. Evans Donald L. Evans	Director	February 26, 2010
/s/	Susan O. Rheney Susan O. Rheney	Director	February 26, 2010
/s/	Corbin J. Robertson, III	Director	February 26, 2010

Corbin J. Robertson, III		
/s/ William K. Robertson William K. Robertson	Director	February 26, 2010
/s/ J. Conley Stone J. Conley Stone	Director	February 26, 2010
/s/ Martin G. White Martin G. White	Director	February 26, 2010

*Genesis Energy, LLC is our general partner.

98

Table of Contents

GENESIS ENERGY, L.P.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES

Financial Statements	Page
Report of Independent Registered Public Accounting Firm	100
Consolidated Balance Sheets, December 31, 2009 and 2008	101
Consolidated Statements of Operations for the Years Ended December 31, 2009, 2008 and 2007	102
Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2009, 2008 and 2007	103
Consolidated Statements of Partners' Capital for the Years Ended December 31, 2009, 2008 and 2007	104
Consolidated Statements of Cash Flows for the Years Ended December 31, 2009, 2008 and 2007	105
Notes to Consolidated Financial Statements	106
Financial Statement Schedules	
Schedule I – Condensed Financial Information (Parent Company Only)	150

All other financial statement schedules have been omitted because they are not applicable or the required information is presented in the Consolidated Financial Statements or the Notes to the Consolidated Financial Statements.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Genesis Energy, LLC and Unitholders of
Genesis Energy, L.P.
Houston, Texas

We have audited the accompanying consolidated balance sheets of Genesis Energy, L.P. and subsidiaries (the "Partnership") as of December 31, 2009 and 2008, and the related consolidated statements of operations, comprehensive income (loss), partners' capital, and cash flows for each of the three years in the period ended December 31, 2009. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Partnership’s management. Our responsibility is to express an opinion on the consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Genesis Energy, L.P. and subsidiaries at December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Partnership’s internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2010 expressed an unqualified opinion on the Partnership’s internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Houston, Texas
February 24, 2010

Table of Contents

GENESIS ENERGY, L.P.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,148	$ 18,985
Accounts receivable - trade, net of allowance for doubtful accounts of $1,372 and $1,132 at December 31, 2009 and 2008, respectively	127,248	112,229
Accounts receivable - related party	2,617	2,875
Inventories	40,204	21,544
Net investment in direct financing leases, net of unearned income -current portion - related party	4,202	3,758
Other	10,825	8,736
Total current assets	189,244	168,127
FIXED ASSETS, at cost	373,927	349,212
Less: Accumulated depreciation	(89,040)	(67,107)
Net fixed assets	284,887	282,105
NET INVESTMENT IN DIRECT FINANCING LEASES, net of unearned income - related party	173,027	177,203
CO2 ASSETS, net of amortization	20,105	24,379
EQUITY INVESTEES AND OTHER INVESTMENTS	15,128	19,468
INTANGIBLE ASSETS, net of amortization	136,330	166,933
GOODWILL	325,046	325,046
OTHER ASSETS, net of amortization	4,360	15,413
TOTAL ASSETS	$ 1,148,127	$ 1,178,674
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Accounts payable - trade	$ 114,428	$ 96,454
Accounts payable - related party	3,197	3,105
Accrued liabilities	23,803	26,713
Total current liabilities	141,428	126,272
LONG-TERM DEBT	366,900	375,300
DEFERRED TAX LIABILITIES	15,167	16,806
OTHER LONG-TERM LIABILITIES	5,699	2,834
COMMITMENTS AND CONTINGENCIES (Note 20)		
PARTNERS' CAPITAL:		
Common unitholders, 39,488 and 39,457 units issued and outstanding at December 31, 2009 and 2008, respectively	585,554	616,971
General partner	11,152	16,649

Accumulated other comprehensive loss	(829)	(962)
Total Genesis Energy, L.P. partners' capital	595,877	632,658
Noncontrolling interests	23,056	24,804
Total partners' capital	618,933	657,462
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$ 1,148,127	$ 1,178,674

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

101

Table of Contents

GENESIS ENERGY, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per unit amounts)

	Year Ended December 31,		
	2009	2008	2007
REVENUES:			
Supply and logistics:			
Unrelated parties	$1,222,914	$1,847,575	$1,092,398
Related parties	3,924	4,839	1,791
Refinery services	141,365	225,374	62,095
Pipeline transportation, including natural gas sales:			
Transportation services - unrelated parties	16,097	19,469	17,153
Transportation services - related parties	32,590	21,730	5,754
Natural gas sales revenues	2,264	5,048	4,304
CO2 marketing:			
Unrelated parties	13,339	15,423	13,376
Related parties	2,867	2,226	2,782
Total revenues	1,435,360	2,141,684	1,199,653
COSTS AND EXPENSES:			
Supply and logistics costs:			
Product costs - unrelated parties	1,114,055	1,736,637	1,041,637
Product costs - related parties	1,754	-	101
Operating costs	82,262	78,453	37,121
Refinery services operating costs	88,910	166,096	40,197
Pipeline transportation costs:			
Pipeline transportation operating costs	10,954	10,306	10,054
Natural gas purchases	2,070	4,918	4,122
CO2 marketing costs:			
Transportation costs - related party	5,763	6,424	5,213
Other costs	62	60	152
General and administrative	40,413	29,500	25,920
Depreciation and amortization	62,581	71,370	38,747
Net loss on disposal of surplus assets	160	29	266
Impairment expense	5,005	-	1,498
Total costs and expenses	1,413,989	2,103,793	1,205,028
OPERATING INCOME (LOSS)	21,371	37,891	(5,375)
Equity in earnings of joint ventures	1,547	509	1,270
Interest income	70	458	385
Interest expense	(13,730)	(13,395)	(10,485)
Income (loss) before income taxes	9,258	25,463	(14,205)
Income tax (expense) benefit	(3,080)	362	654
NET INCOME (LOSS)	6,178	25,825	(13,551)
Net loss attributable to noncontrolling interests	1,885	264	1
NET INCOME (LOSS) ATTRIBUTABLE TO GENESIS ENERGY, L.P.	$8,063	$26,089	$(13,550)

102

Table of Contents

GENESIS ENERGY, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS - CONTINUED
(In thousands, except per unit amounts)

	Year Ended December 31,		
	2009	2008	2007
NET INCOME (LOSS) ATTRIBUTABLE TO GENESIS ENERGY, L.P. PER COMMON UNIT:			
BASIC	$0.51	$0.59	$(0.66)
DILUTED	$0.51	$0.59	$(0.66)
WEIGHTED AVERAGE OUTSTANDING COMMON UNITS:			
BASIC	39,471	38,961	20,754
DILUTED	39,603	39,025	20,754

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

GENESIS ENERGY, L.P.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Year Ended December 31,		
	2009	2008	2007
Net income (loss)	$6,178	$25,825	$(13,551)
Change in fair value of derivatives:			
Current period reclassification to earnings	784	33	-
Changes in derivative financial instruments - interest rate swaps	(508)	(1,997)	-
Comprehensive income (loss)	6,454	23,861	(13,551)
Comprehensive loss attributable to noncontrolling interests	1,742	1,266	1
Comprehensive income (loss) attributable to Genesis Energy, L.P.	$8,196	$25,127	$(13,550)

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

103

Table of Contents

GENESIS ENERGY, L.P.
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(In thousands)

	Partners' Capital					
	Number of Common Units	Common Unitholders	General Partner	Accumulated Other Comprehensive Loss	Non-controlling Interests	Total
Partners' capital, January 1, 2007	13,784	$83,884	$1,778	$ -	$522	$86,184
Comprehensive income:						
Net loss	-	(13,279)	(271)	-	(1)	(13,551)
Cash contributions	-	-	1,412	-	-	1,412
Contribution for management compensation (Note 12)	-	-	3,434	-	-	3,434
Cash distributions	-	(16,743)	(432)	-	(2)	(17,177)
Issuance of units	24,469	561,403	10,618	-	51	572,072
Partners' capital, December 31, 2007	38,253	615,265	16,539	-	570	632,374
Comprehensive income:						
Net income	-	23,485	2,604	-	(264)	25,825
Interest rate swap losses reclassified to interest expense	-	-	-	16	17	33
Interest rate swap loss	-	-	-	(978)	(1,019)	(1,997)
Cash contributions	-	-	511	-	25,505	26,016
Cash distributions	-	(47,529)	(3,005)	-	(5)	(50,539)
Issuance of units	2,037	41,667	-	-	-	41,667
Unit based compensation expense	5	750	-	-	-	750
Redemption of units	(838)	(16,667)	-	-	-	(16,667)
Partners' capital, December 31, 2008	39,457	616,971	16,649	(962)	24,804	657,462
Comprehensive income:						
Net income		21,469	(13,406)	-	(1,885)	6,178
Interest rate swap losses reclassified to interest expense				383	401	784
Interest rate swap loss				(250)	(258)	(508)
Cash contributions			9			9
Contribution for management compensation (Note 12)			14,104			14,104
Cash distributions		(53,876)	(6,204)		(6)	(60,086)
Unit based compensation expense	31	990				990
Partners' capital, December 31, 2009	39,488	$585,554	$11,152	$ (829)	$23,056	$618,933

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

104

Explanation of Responses:

Table of Contents

GENESIS ENERGY, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2009	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$6,178	$25,825	$(13,551)
Adjustments to reconcile net income (loss) to net cash provided by operating activities -			
Depreciation, amortization and impairment	67,586	71,370	40,245
Amortization and write-off of credit facility issuance costs	2,503	1,437	779
Amortization of unearned income and initial direct costs on direct financing leases	(18,095)	(10,892)	(620)
Payments received under direct financing leases	21,853	11,519	1,188
Equity in earnings of investments in joint ventures	(1,547)	(509)	(1,270)
Distributions from joint ventures - return on investment	950	1,272	1,845
Non-cash effect of unit-based compensation plans	4,248	(2,063)	910
Non-cash compensation charge	14,104	-	3,434
Deferred and other tax liabilities	1,914	(2,771)	(2,658)
Other non-cash items	(46)	882	347
Net changes in components of operating assets and liabilities, net of working capital acquired (See Note 15)	(9,569)	(1,262)	3,280
Net cash provided by operating activities	90,079	94,808	33,929
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments to acquire fixed and intangible assets	(30,332)	(37,354)	(8,235)
CO2 pipeline transactions and related costs	-	(228,891)	-
Distributions from joint ventures - return of investment	-	886	395
Investments in joint ventures and other investments	(83)	(2,397)	(1,104)
Acquisition of Grifco assets	-	(65,693)	-
Acquisition of Davison assets, net of cash acquired	-	(993)	(301,640)
Acquisition of Port Hudson assets	-	-	(8,103)
Other, net	1,182	718	(2,655)
Net cash used in investing activities	(29,233)	(333,724)	(321,342)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Bank borrowings	255,300	531,712	392,200
Bank repayments	(263,700)	(236,412)	(320,200)
Repayment to Grifco of seller-financing of asset acquisition	(6,000)	(6,000)	-
Credit facility issuance fees	(422)	(2,255)	(2,297)
Issuance of common units for cash	-	-	231,433
Redemption of common units for cash	-	(16,667)	-
General partner contributions	9	511	12,030
Noncontrolling interests contributions, net of distributions	(6)	25,500	49
Distributions to common unitholders	(53,876)	(47,529)	(16,743)
Distributions to general partner interest	(6,204)	(3,005)	(432)
Other, net	(784)	195	906
Net cash (used in) provided by financing activities	(75,683)	246,050	296,946

Net (decrease) increase in cash and cash equivalents	(14,837)	7,134	9,533
Cash and cash equivalents at beginning of period	18,985	11,851	2,318
Cash and cash equivalents at end of period	$4,148	$18,985	$11,851

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

105

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

We are a growth-oriented limited partnership focused on the midstream segment of the oil and gas industry in the Gulf Coast area of the United States. We conduct our operations through our operating subsidiaries and joint ventures. We manage our businesses through four divisions:

- Pipeline transportation of crude oil and carbon dioxide (or CO2);
- Refinery services involving processing of high sulfur (or "sour") gas streams for refineries to remove the sulfur, and sale of the related by-product, sodium hydrosulfide (or NaHS, commonly pronounced nash) and supplying caustic soda (or NaOH);
- Supply and logistics services, which includes terminaling, blending, storing, marketing, and transporting by trucks and barge of crude oil and petroleum products; and
- Industrial gas activities, including wholesale marketing of CO2 and processing of syngas through a joint venture.

Our 2% general partner interest is held by Genesis Energy, LLC, a Delaware limited liability company and an indirect, majority-owned subsidiary of Denbury Resources Inc. Denbury and its subsidiaries are hereafter referred to as Denbury. Our general partner and its affiliates also own 10.2% of our outstanding common units. In February 2010, Denbury sold our general partner interest to the Quintana-Controlled Owner Group. See Note 23.

Our general partner manages our operations and activities and employs our officers and personnel, who devote 100% of their efforts to our management.

2. Summary of Significant Accounting Policies

Basis of Consolidation and Presentation

The accompanying financial statements and related notes present our consolidated financial position as of December 31, 2009 and 2008 and our results of operations, cash flows and changes in partners' capital for the years ended December 31, 2009, 2008 and 2007. All intercompany transactions have been eliminated. The accompanying Consolidated Financial Statements include Genesis Energy, L.P. and its operating subsidiaries, Genesis Crude Oil, L.P. and Genesis NEJD Holdings, LLC, and their subsidiaries.

In July 2007, we acquired the energy-related businesses of the Davison family. See Note 3. The results of the operations of these businesses have been included in our Consolidated Financial Statements since August 1, 2007.

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

Subsequent Events

We have considered subsequent events through February 25, 2010, the date of issuance, in preparing the Consolidated Financial Statements and notes thereto.

Joint Ventures

We participate in three joint ventures: DG Marine Transportation, LLC (DG Marine), T&P Syngas Supply Company (T&P Syngas) and Sandhill Group, LLC (Sandhill). As of the acquisition date in July 2008, DG Marine is consolidated in our financial statements. We account for our 50% investments in T&P Syngas and Sandhill by the equity method of accounting. See Notes 3, 4 and 9.

106

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DG Marine Transportation, LLC

In July 2008, we acquired an interest in DG Marine which acquired the inland marine transportation business of Grifco Transportation, Ltd and two of its affiliates. DG Marine is a joint venture with TD Marine, LLC, an entity owned by members of the Davison family. We own an effective 49% economic interest and TD Marine, LLC owns a 51% economic interest in DG Marine. The day-to-day operations are conducted by and managed by DG Marine employees.

T&P Syngas Supply Company

We own a 50% interest in T&P Syngas, a Delaware general partnership. Praxair Hydrogen Supply Inc. ("Praxair") owns the remaining 50% partnership interest in T&P Syngas. T&P Syngas is a partnership that owns a syngas manufacturing facility located in Texas City, Texas. That facility processes natural gas to produce syngas (a combination of carbon monoxide and hydrogen) and high pressure steam. Praxair provides the raw materials to be processed and receives the syngas and steam produced by the facility under a long-term processing agreement. T&P Syngas receives a processing fee for its services. Praxair operates the facility.

Sandhill Group, LLC

We own a 50% interest in Sandhill. Reliant Processing Ltd. holds the other 50% interest in Sandhill. Sandhill owns a CO2 processing facility located in Brandon, Mississippi. Sandhill is engaged in the production and distribution of liquid carbon dioxide for use in the food, beverage, chemical and oil industries. The facility acquires CO2 from us under a long-term supply contract that we acquired in 2005 from Denbury.

Noncontrolling Interests

Our general partner owns a 0.01% general partner interest in Genesis Crude Oil, L.P. and TD Marine, LLC, a related party, owns the remaining 51% economic interest in DG Marine. The net interest of those parties in our results of operations and financial position are reflected in our Consolidated Financial Statements as noncontrolling interests.

Use of Estimates

The preparation of our Consolidated Financial Statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. We based these estimates and assumptions on historical experience and other information that we believed to be reasonable under the circumstances. Significant estimates that we make include: (1) estimated useful lives of assets, which impacts depreciation and amortization, (2) liability and contingency accruals, (3) estimated fair value of assets and liabilities acquired and identification of associated goodwill and intangible assets, (4) estimates of future net cash flows from assets for purposes of determining whether impairment of those assets has occurred, and (5) estimates of future asset retirement obligations. Additionally, for purposes of the calculation of the fair value of awards under equity-based compensation plans, we make estimates regarding the expected life of the rights, expected forfeiture rates of the rights, volatility of our unit price and expected future distribution yield on our units. While we believe these estimates are reasonable, actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of all demand deposits and funds invested in highly liquid instruments with original maturities of three months or less. The Partnership has no requirement for compensating balances or restrictions on cash. We periodically assess the financial condition of the institutions where these funds are held and believe that our credit risk is minimal.

Accounts Receivable

Our accounts receivable are primarily from purchasers of crude oil and petroleum products, and, to a lesser extent, purchasers of NaHS and CO_2. These purchasers include refineries, marketing and trading companies. The majority of our accounts receivable relate to our supply and logistics activities that can be described as high volume and low margin activities.

Recent volatility in the financial markets combined with significant energy price volatility has caused liquidity issues impacting many companies, which in turn have increased the potential credit risks associated with certain counterparties with which we do business. We utilize our credit review process to monitor these conditions and to make a determination with respect to the amount, if any, of credit to be extended to any given customer and the form and amount of financial performance assurances we require.

107

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

We review our outstanding accounts receivable balances on a regular basis and record a reserve for amounts that we expect will not be fully recovered. Actual balances are not applied against the reserve until substantially all collection efforts have been exhausted.

The following table presents the activity of our allowance for doubtful accounts for the years ended December 31, 2009 and 2008:

	December 31,	
	2009	2008
Balance at beginning of period	$ 1,132	$ -
Charged to costs and expenses	558	1,152
Amounts written off	(320)	(20)
Recoveries	2	-
Balance at end of period	$ 1,372	$ 1,132

There was no allowance for doubtful accounts in 2007.

Inventories

Crude oil and petroleum products inventories held for sale are valued at the lower of average cost or market. Fuel inventories are carried at the lower of cost or market. Caustic soda and NaHS inventories are stated at the lower of cost or market. Cost is determined principally under the average cost method within specific inventory pools.

Fixed Assets

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the straight-line method over the respective estimated useful lives of the assets. Asset lives are 5 to 15 years for pipelines and related assets, 25 years for push boats and barges, 10 to 20 years for machinery and equipment, 40 years for tanks, 3 to 7 years for vehicles and transportation equipment, and 3 to 10 years for buildings, office equipment, furniture and fixtures and other equipment.

Interest is capitalized in connection with the construction of major facilities. The capitalized interest is recorded as part of the asset to which it relates and is amortized over the asset's estimated useful life.

Maintenance and repair costs are charged to expense as incurred. Costs incurred for major replacements and upgrades are capitalized and depreciated over the remaining useful life of the asset.

Certain volumes of crude oil are classified in fixed assets, as they are necessary to ensure efficient and uninterrupted operations of the gathering businesses. These crude oil volumes are carried at their weighted average cost.

Long-lived assets are reviewed for impairment. An asset is tested for impairment when events or circumstances indicate that its carrying value may not be recoverable. The carrying value of a long-lived asset is not recoverable if it exceeds the sum of the undiscounted cash flows expected to be generated from the use and ultimate disposal of the asset. If the carrying value is determined to not be recoverable under this method, an impairment charge equal to the

amount the carrying value exceeds the fair value is recognized. Fair value is generally determined from estimated discounted future net cash flows.

Asset Retirement Obligations

Some of our assets have contractual or regulatory obligations to perform dismantlement and removal activities, and in some instances remediation, when the assets are abandoned. In general, our future asset retirement obligations relate to future costs associated with the removal of our oil, natural gas and CO2 pipelines, barge decommissioning, removal of equipment and facilities from leased acreage and land restoration. The fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred, discounted to its present value using our credit adjusted risk-free interest rate, and a corresponding amount capitalized by increasing the carrying amount of the related long-lived asset. The capitalized cost is depreciated over the useful life of the related asset. Accretion of the discount increases the liability and is recorded to expense. See Note 6.

108

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Direct Financing Leasing Arrangements

When a direct financing lease is consummated, we record the gross finance receivable, unearned income and the estimated residual value of the leased pipelines. Unearned income represents the excess of the gross receivable plus the estimated residual value over the costs of the pipelines. Unearned income is recognized as financing income using the interest method over the term of the transaction and is included in pipeline revenue in the Consolidated Statements of Operations. The pipeline cost is not included in fixed assets. See Note 7.

CO2 Assets

Our CO2 assets include three volumetric production payments and long-term contracts to sell the CO2 volume. The contract values are being amortized on a units-of-production method. See Note 8.

Intangible Assets

Intangible assets with finite useful lives are amortized over their respective estimated useful lives. If an intangible asset has a finite useful life, but the precise length of that life is not known, that intangible asset shall be amortized over the best estimate of its useful life. At a minimum, we will assess the useful lives and residual values of all intangible assets on an annual basis to determine if adjustments are required. We are recording amortization of our customer and supplier relationships, licensing agreements and trade name based on the period over which the asset is expected to contribute to our future cash flows. Generally, the contribution of these assets to our cash flows is expected to decline over time, such that greater value is attributable to the periods shortly after the acquisition was made. The favorable lease and other intangible assets are being amortized on a straight-line basis.

We test intangible assets periodically to determine if impairment has occurred. An impairment loss is recognized for intangibles if the carrying amount of an intangible asset is not recoverable and its carrying amount exceeds its fair value. No impairment has occurred of intangible assets in any of the periods presented.

Goodwill

Goodwill represents the excess of purchase price over fair value of net assets acquired. We test goodwill for impairment annually at October 1, and more frequently if indicators of impairment are present. If the fair value of the reporting unit exceeds its book value including associated goodwill amounts, the goodwill is considered to be unimpaired and no impairment charge is required. If the fair value of the reporting unit is less than its book value including associated goodwill amounts, a charge to earnings is recorded to reduce the carrying value of the goodwill to its implied fair value. In the event that we determine that goodwill has become impaired, we will incur a charge for the amount of impairment during the period in which the determination is made. No goodwill impairment has occurred in any of the periods presented. See Note 10.

Environmental Liabilities

We provide for the estimated costs of environmental contingencies when liabilities are probable to occur and a reasonable estimate of the associated costs can be made. Ongoing environmental compliance costs, including maintenance and monitoring costs, are charged to expense as incurred.

Equity-Based Compensation

The compensation cost associated with our stock appreciation rights plan, which will result in the payment of cash to the employee upon exercise, is re-measured each reporting period. The liability and related compensation cost is calculated using a fair value method that takes into consideration the expected future value of the rights at their expected exercise dates.

Our 2007 Long-term Incentive Plan provides for awards of phantom units to our non-employee directors and to the employees of our general partner. The compensation cost related to phantom units issued under our 2007 Long-term Incentive Plan is recognized in our Consolidated Financial Statements based on estimated fair value at the date of the grant. See Note 16.

On December 31, 2008, our general partner awarded Class B Membership Interests in our general partner to our senior executives. The compensation cost related to these interests is re-measured at each reporting date based on the fair value of the interests, and changes in that fair value are recognized over the vesting period. Recorded expense will be subsequently adjusted to fair value until final settlement. See Note 16.

109

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Revenue Recognition

Product Sales - Revenues from the sale of crude oil and petroleum products by our supply and logistics segment, natural gas by our pipeline transportation segment, and caustic soda and NaHS by our refinery services segment are recognized when title to the inventory is transferred to the customer, collectability is reasonably assured and there are no further significant obligations for future performance by us. Most frequently, title transfers upon our delivery of the inventory to the customer at a location designated by the customer, although in certain situations, title transfers when the inventory is loaded for transportation to the customer. Our crude oil, natural gas and petroleum products are typically sold at prices based off daily or monthly published prices. Many of our contracts for sales of NaHS incorporate the price of caustic soda in the pricing formulas.

Pipeline Transportation - Revenues from transportation of crude oil or natural gas by our pipelines are based on actual volumes at a published tariff. Tariff revenues are recognized either at the point of delivery or at the point of receipt pursuant to the specifications outlined in our regulated tariffs.

In order to compensate us for bearing the risk of volumetric losses in volumes that occur to crude oil in our pipelines due to temperature, crude quality and the inherent difficulties of measurement of liquids in a pipeline, our tariffs include the right for us to make volumetric deductions from the shippers for quality and volumetric fluctuations. We refer to these deductions as pipeline loss allowances.

We compare these allowances to the actual volumetric gains and losses of the pipeline and the net gain or loss is recorded as revenue or expense, based on prevailing market prices at that time. When net gains occur, we have crude oil inventory. When net losses occur, we reduce any recorded inventory on hand and record a liability for the purchase of crude oil that we must make to replace the lost volumes. We reflect inventories in the Consolidated Financial Statements at the lower of the recorded value or the market value at the balance sheet date. We value liabilities to replace crude oil at current market prices. The crude oil in inventory can then be sold, resulting in additional revenue if the sales price exceeds the inventory value.

Income from direct financing leases is being recognized ratably over the term of the leases and is included in pipeline revenues.

CO2 Sales - Revenues from CO2 marketing activities are recorded when title transfers to the customer at the inlet meter of the customer’s facility.

Cost of Sales and Operating Expenses

Supply and logistics costs and expenses include the cost to acquire the product and the associated costs to transport it to our terminal facilities or to a customer for sale. Other than the cost of the products, the most significant costs we incur relate to transportation utilizing our fleet of trucks and barges, including personnel costs, fuel and maintenance of our equipment.

When we enter into buy/sell arrangements concurrently or in contemplation of one another with a single counterparty, we reflect the amounts of revenues and purchases for these transactions as a net amount in our Consolidated Statements of Operations.

The most significant operating costs in our refinery services segment consist of the costs to operate NaHS plants located at various refineries, caustic soda used in the process of processing the refiner's sour gas stream, and costs to transport the NaHS and caustic soda.

Pipeline operating costs consist primarily of power costs to operate pumping equipment, personnel costs to operate the pipelines, insurance costs and costs associated with maintaining the integrity of our pipelines.

Cost of sales for the CO2 marketing activities consists of a transportation fee charged by Denbury to transport the CO2 to the customer through Denbury's pipeline and insurance costs. The transportation fee charged by Denbury is adjusted annually for inflation. For the years ended December 31, 2009, 2008 and 2007, the fee averaged $0.2043, $0.1927, and $0.1848 per Mcf, respectively.

110

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Excise and Sales Taxes

The Company collects and remits excise and sales taxes to state and federal governmental authorities on its sales of fuels. These taxes are presented on a net basis, with any differences due to rebates allowed by those governmental entities reflected as a reduction of product cost in the Consolidated Statements of Operations.

Income Taxes

We are a limited partnership, organized as a pass-through entity for federal income tax purposes. As such, we do not directly pay federal income tax. Our taxable income or loss, which may vary substantially from the net income or net loss we report in our Consolidated Statements of Operations, is includable in the federal income tax returns of each partner.

Some of our corporate subsidiaries pay U.S. federal, state, and foreign income taxes. Deferred income tax assets and liabilities for certain operations conducted through corporations are recognized for temporary differences between the assets and liabilities for financial reporting and tax purposes. Changes in tax legislation are included in the relevant computations in the period in which such changes are effective. Deferred tax assets are reduced by a valuation allowance for the amount of any tax benefit not expected to be realized. Penalties and interest related to income taxes will be included in income tax expense in the Consolidated Statements of Operations.

Derivative Instruments and Hedging Activities

We minimize our exposure to price risk by limiting our inventory positions. However when we hold inventory positions in crude oil and petroleum products, we use derivative instruments to hedge exposure to price risk. DG Marine uses interest rate swap contracts to manage its exposure to interest rate risk.

Derivative transactions, which can include forward contracts and futures positions on the NYMEX, are recorded in the Consolidated Balance Sheets as assets and liabilities based on the derivative’s fair value. Changes in the fair value of derivative contracts are recognized currently in earnings unless specific hedge accounting criteria are met. We must formally designate the derivative as a hedge and document and assess the effectiveness of derivatives associated with transactions that receive hedge accounting. Accordingly, changes in the fair value of derivatives are included in earnings in the current period for (i) derivatives accounted for as fair value hedges; (ii) derivatives that do not qualify for hedge accounting and (iii) the portion of cash flow hedges that is not highly effective in offsetting changes in cash flows of hedged items. Changes in the fair value of cash flow hedges are deferred in Accumulated Other Comprehensive Income (“AOCI”) and reclassified into earnings when the underlying position affects earnings. See Note 18.

Fair Value of Current Assets and Current Liabilities

The carrying amount of other current assets and other current liabilities approximates their fair value due to their short-term nature.

Net Income Per Common Unit

Our net income is first allocated to our general partner based on the amount of incentive distributions to our general partner. We then allocate to our general partner the amount of equity-based compensation costs which our general

partner has agreed to pay. The remainder is then allocated 98% to the limited partners and 2% to the general partner. Basic net income per limited partner unit is determined by dividing net income attributable to limited partners by the weighted average number of outstanding limited partner units during the period. Diluted net income per common unit is calculated in the same manner, but also considers the impact to common units for the potential dilution from phantom units outstanding. (See Note 16 for discussion of our equity-based compensation.)

In a period of net operating losses, incremental phantom units are excluded from the calculation of diluted earnings per unit due to their anti-dilutive effect. During 2009 and 2008, we reported net income; therefore incremental phantom units have been included in the calculation of diluted earnings per unit.

Effective January 1, 2009, we adopted new accounting guidance related to the consideration of distributions paid by a master limited partnership, like us, to its general and limited partners in the computation of earnings per unit.. See "Recent and Proposed Accounting Announcements – Implemented in 2009" below.

111

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent and Proposed Accounting Pronouncements

Implemented in 2009

Accounting Standards Codification

In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162," (The Codification). The Codification establishes the FASB Accounting Standards Codification (ASC) as the source of authoritative U.S. generally accepted accounting principles (GAAP) recognized by the FASB to be applied by nongovernmental entities. The Codification reorganizes GAAP pronouncements by topic and modifies the GAAP hierarchy to include only two levels: authoritative and non-authoritative. All of the content in the Codification carries the same level of authority. This statement was effective for financial statements issued for interim and annual periods ending after September 15, 2009. We adopted the Codification on September 30, 2009. Thus, subsequent references to GAAP in our Consolidated Financial Statements will refer exclusively to the Codification.

Recognized and Non-Recognized Subsequent Events

In May 2009, the FASB issued new guidance for accounting for subsequent events. The new guidance establishes the accounting for and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. It requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether that date represents the date the financial statements were issued or were available to be issued. See "Subsequent Events" included in "Note 1 – Organization" for the related disclosure. The new guidance was applied prospectively beginning in the second quarter of 2009 and did not have a material impact on our Consolidated Financial Statements.

Disclosures about Fair Value of Financial Instruments

In April 2009, the FASB issued new guidance regarding interim disclosures about the fair value of financial instruments. The new guidance requires fair value disclosures on an interim basis for financial instruments that are not reflected in the Consolidated Balance Sheets at fair value. Previously, the fair values of those financial instruments were only disclosed on an annual basis. We adopted the new guidance for our quarter ended June 30, 2009, and there was no material impact on our Consolidated Financial Statements.

Business Combinations

In December 2007, the FASB issued revised guidance for the accounting of business combinations. The revised guidance retains the purchase method of accounting used in business combinations but replaces superseded guidance by establishing principles and requirements for the recognition and measurement of assets, liabilities and goodwill, including the requirement that most transaction costs and restructuring costs be charged to expense as incurred. In addition, the revised guidance requires disclosures to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The revised guidance applies to acquisitions we make after December 31, 2008. The impact to us will be dependent on the nature of the business combination.

Noncontrolling Interests in Consolidated Financial Statements

In December 2007, the FASB issued guidance regarding noncontrolling interests in consolidated financial statements. The new guidance establishes accounting and reporting standards for noncontrolling interests, which were referred to as minority interests in prior literature. A noncontrolling interest is the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent company. The new guidance requires, among other things, that (i) ownership interests of noncontrolling interests be presented as a component of equity on the balance sheet (i.e. elimination of the mezzanine “minority interest” category); (ii) elimination of minority interest expense as a line item on the statement of operations and, as a result, that net income be allocated between the parent and the noncontrolling interests on the face of the statement of operations; and (iii) enhanced disclosures regarding noncontrolling interests. The provisions of the new guidance were effective for fiscal years beginning after December 15, 2008. On January 1, 2009, we adopted the new guidance which changed the presentation of the interests in Genesis Crude Oil, L.P. held by our general partner and the interests in DG Marine held by our joint venture partner in our Consolidated Financial Statements. Amounts for prior periods have been changed to be consistent with the presentation required by the new guidance.

112

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Derivative Instruments and Hedging Activities

In March 2008, the FASB issued new guidance regarding disclosures about derivative instruments and hedging activities. The new guidance requires enhanced disclosures about our derivative and hedging activities. This guidance was effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008. We adopted the guidance on January 1, 2009 and have included the enhanced disclosures in Note 18. Adoption did not have any material impact on our financial position, results of operations or cash flows

Application of the Two-Class Method to Master Limited Partnerships

In March 2008, the FASB issued new guidance regarding the application of the two-class method of determining income per unit for master limited partnerships having multiple classes of securities that may participate in partnership distributions. Under this guidance, the computation of earnings per unit is affected by the incentive distribution rights ("IDRs") we are contractually obligated to distribute at the end of the each reporting period. In periods when earnings are in excess of cash distributions, we reduce net income or loss for the current reporting period (for purposes of calculating earnings or loss per unit only) by the amount of available cash that will be distributed to our limited partners and general partner for its general partner interest and incentive distribution rights for the reporting period, and the remainder is allocated to the limited partner and general partner in accordance with their ownership interests. When cash distributions exceed current-period earnings, net income or loss (for purposes of calculating earnings or loss per unit only) is reduced (or increased) by cash distributions, and the resulting excess of distributions over earnings is allocated to the general partner and limited partner based on their respective sharing of losses. The new guidance was effective for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. We adopted the new guidance on January 1, 2009 and have reflected the calculation of earnings per unit for the years ended December 31, 2009, 2008 and 2007 in accordance with its provisions. See Note 12.

Measuring Liabilities and Fair Value

In August 2009, the FASB issued guidance that provides clarification to the valuation techniques required to measure the fair value of liabilities. The guidance also provides clarification around required inputs to the fair value measurement of a liability and definition of a Level 1 liability. The guidance was effective for interim and annual periods beginning after August 2009. We adopted this standard beginning with our financial statements for the year ended December 31, 2009. The adoption of this standard did not have a material effect on our financial statements.

Implemented January 1, 2010

Consolidation of Variable Interest Entities ("VIEs")

In June 2009, the FASB issued authoritative guidance to amend the manner in which entities evaluate whether consolidation is required for VIEs. The model for determining which enterprise has a controlling financial interest and is the primary beneficiary of a VIE has changed significantly under the new guidance. Previously, variable interest holders had to determine whether they had a controlling interest in a VIE based on a quantitative analysis of the expected gains and/or losses of the entity. In contrast, the new guidance requires an enterprise with a variable interest in a VIE to qualitatively assess whether it has a controlling interest in the entity, and if so, whether it is the primary beneficiary. Furthermore, this guidance requires that companies continually evaluate VIEs for consolidation, rather than assessing based upon the occurrence of triggering events. This revised guidance also requires enhanced disclosures about how a company's involvement with a VIE affects its financial statements and exposure to risks. This

guidance was effective for us beginning January 1, 2010. We are currently assessing the impact this guidance may have on our consolidated financial statements.

113

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Acquisitions

2008 DG Marine Transportation Investment

On July 18, 2008, DG Marine completed the acquisition of the inland marine transportation business of Grifco Transportation, Ltd. (“Grifco”) and two of Grifco’s affiliates. DG Marine is a joint venture we formed with TD Marine, LLC, an entity owned by members of the Davison family. (See discussion below on the acquisition of the Davison family businesses in 2007.). TD Marine owns (indirectly) a 51% economic interest in the joint venture, DG Marine, and we own (directly and indirectly) a 49% economic interest. This acquisition gives us the capability to provide transportation services of petroleum products by barge and complements our other supply and logistics operations.

Grifco received initial purchase consideration of approximately $80 million, comprised of $63.3 million in cash and $16.7 million, or 837,690 of our common units. A portion of the units are subject to certain lock-up restrictions. DG Marine acquired substantially all of Grifco’s assets, including twelve barges, seven push boats, certain commercial agreements, and offices. Additionally, DG Marine and/or its subsidiaries acquired the rights, and assumed the obligations, to take delivery of four new barges in late third quarter of 2008 and four additional new barges late in first quarter of 2009 (at a total price of approximately $27 million). Grifco financed $12 million of additional purchase consideration that we agreed to pay after we placed the eight new barges in service. At December 31, 2009, all of the seller-financed additional purchase price consideration was paid.

The Grifco acquisition and related closing costs were funded with $50 million of aggregate equity contributions from us and TD Marine, in proportion to our ownership percentages, and with borrowings of $32.4 million under a revolving credit facility which is non-recourse to us and TD Marine (other than with respect to our investments in DG Marine). Although DG Marine’s debt is non-recourse to us, our ownership interest in DG Marine is pledged to secure its indebtedness. We funded our $24.5 million equity contribution with $7.8 million of cash and 837,690 of our common units, valued at $19.896 per unit, for a total value of $16.7 million. At closing, we also redeemed 837,690 of our common units from the Davison family. See Notes 11 and 12.

We entered into a subordinated loan agreement with DG Marine whereby we loaned $25 million to DG Marine. See Note 4.

Accounting provisions require the primary beneficiary to consolidate variable interest entities. In determining the primary beneficiary of a variable interest entity ("VIE") that is held between two or more related parties the primary beneficiary is considered to be the party that is "most closely associated" with the VIE. We are considered to be the primary beneficiary due to (i) our involvement in the design of DG Marine, (ii) the ongoing involvement with regards to financial and operating decision making of DG Marine, excluding matters related to new contracts and vessel disposal which are decided solely by TD Marine, and (iii) the financial support we provide to DG Marine. TD Marine has no requirements to make any additional contributions to DG Marine.

As we are considered the primary beneficiary, DG Marine is consolidated in our Consolidated Financial Statements and the 51% ownership interest of TD Marine in the net assets and net income of DG Marine is included in noncontrolling interests in our Consolidated Financial Statements.

The acquisition cost allocated to the assets consisted of $63.3 million of cash, $16.7 million of value from the issuance of our limited partnership units to Grifco, $11.7 million related to the discounted value of the additional consideration that was owed to Grifco when the barges under construction were placed in service and $2.4 million of transaction

costs. The acquisition cost was allocated to the assets acquired based on estimated fair values. Such fair values were developed by management.

The allocation of the acquisition cost is summarized as follows:

Property and equipment	$91,772
Amortizable intangible assets:	
Customer relationships	800
Trade name	900
Non-compete agreements	600
Total allocated cost	$94,072

114

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The weighted average amortization period for the intangible assets at the date of acquisition is 10 years for customer relationships, 3 years for the trade name and 7 years for the non-compete agreements. The weighted average amortization period for all intangible assets acquired in the Grifco transaction is 6 years.

See additional information on intangible assets in Note 10.

2008 Denbury Drop-Down Transactions

On May 30, 2008, we completed two transactions with Denbury Onshore LLC, (Denbury Onshore), a wholly-owned subsidiary of Denbury Resources Inc.

NEJD Pipeline System

In 2008, we entered into a twenty-year financing lease transaction with Denbury valued at $175 million and related to the NEJD Pipeline System. The NEJD Pipeline System is a 183-mile, 20" pipeline extending from the Jackson Dome, near Jackson, Mississippi, to near Donaldsonville, Louisiana, and is currently being leased and used by Denbury for its tertiary recovery operations in southwest Mississippi. We recorded this lease arrangement in our Consolidated Financial Statements as a direct financing lease. Under the terms of the agreement, Denbury Onshore began making quarterly rent payments beginning August 30, 2008. These quarterly rent payments are fixed at $5,166,943 per quarter or approximately $20.7 million per year during the lease term at an interest rate of 10.25%. At the end of the lease term, we will convey all of our interests in the NEJD Pipeline to Denbury Onshore for a nominal payment.

Denbury has the rights to exclusive use of the NEJD Pipeline System, will be responsible for all operations and maintenance on that system, and will bear and assume all obligations and liabilities with respect to that system. The NEJD transaction was funded with borrowings under our credit facility.

See additional discussion of this direct financing lease in Note 7.

Free State Pipeline System

We purchased the Free State Pipeline for $75 million from Denbury, consisting of $50 million in cash which we borrowed under our credit facility, and $25 million in the form of 1,199,041 of our common units. The number of common units issued was based on the average closing price of our common units from May 28, 2008 through June 3, 2008.

The Free State Pipeline is an 86-mile, 20" pipeline that extends from CO2 source fields at Jackson Dome, near Jackson, Mississippi, to oil fields in east Mississippi. We entered into a twenty-year transportation services agreement to deliver CO2 on the Free State pipeline for use in tertiary recovery operations. Under the terms of the transportation services agreement, we are responsible for owning, operating, maintaining and making improvements to that pipeline. Denbury currently has rights to exclusive use of that pipeline and is required to use that pipeline to supply CO2 to its current and certain of its other tertiary operations in east Mississippi. The transportation services agreement provides for a $100,000 per month minimum payment, which is accounted for as an operating lease, plus a tariff based on throughput. Denbury has two renewal options, each for five years on similar terms. Any sale by us of the Free State Pipeline and related assets or of an ownership interest in our subsidiary that holds such assets would be subject to a right of first refusal of Denbury.

2007 Davison Businesses Acquisition

On July 25, 2007, we acquired five energy-related businesses from several entities owned and controlled by the Davison family of Ruston, Louisiana (the "Davison Acquisition"). The businesses include the operations that comprise our refinery services division, and other operations included in our supply and logistics division, which transport, store, procure and market petroleum products and other bulk commodities. The assets acquired in this transaction provide us with opportunities to expand our services to energy companies in the areas in which we operate.

For financial reporting purposes, the consideration for this acquisition consisted of $623 million of value, net of cash acquired. The consideration is comprised of $293 million in cash, (which is net of $21.7 million of cash acquired), and 13,459,209 common units of Genesis valued at $330 million. The fair value of Genesis common units issued was determined using an average price of $24.52, which was the average closing price of Genesis common units for the two days before and after the date on which the terms of the acquisition were agreed to and announced. The direct transaction costs totaled $8.9 million and consist primarily of legal and accounting fees and other external costs related directly to the acquisition.

115

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Davison family is our largest unitholder, with approximately 30% of our outstanding common units. It has designated two of the family members to the board of directors of our general partner, and as long as it maintains a specified minimum percentage of our common units, it will have the continuing right to designate up to two directors. The Davison family has agreed to restrictions that limit its ability to sell specified percentages of its common units through July 26, 2010. Pursuant to an agreement between us and the Davison unitholders, the Davison unitholders have registration rights with respect to their common units

The purchase price was allocated to the assets acquired and liabilities assumed based on estimated fair values. Such fair values were developed by management. The allocation of the purchase price is summarized as follows:

Cash and cash equivalents	$21,686
Accounts receivable	55,631
Inventories	10,825
Other current assets	982
Other assets	294
Property and equipment	67,655
Goodwill	316,739
Amortizable intangible assets:	
Customer relationships	129,284
Supplier agreements	36,469
Licensing agreements	38,678
Trade name	17,988
Covenants not-to-compete	695
Favorable lease agreement	13,260
Accounts payable and accrued expenses	(35,230)
Deferred tax liabilties assumed	(21,794)
Total allocation	$653,162

See additional information on intangible assets and goodwill in Note 10. Goodwill represents the residual of the purchase price over the fair value of net tangible and identifiable intangible assets acquired.

The following table presents selected unaudited pro forma financial information incorporating the historical operating results of the Davison businesses. The effective closing date of our purchase of the Davison businesses was July 25, 2007. As a result, our Consolidated Statement of Operations for the year ended December 31, 2007 includes five months of results of operations of these acquired businesses. The pro forma financial information has been prepared as if the acquisition had been completed on the first day of the period presented rather than the actual closing date. The pro forma financial information has been prepared based upon assumptions deemed appropriate by us and may not be indicative of actual results.

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Year Ended December 31, 2007
Pro Forma Earnings Data:	
Revenue	$ 1,574,730
Costs and expenses	1,572,809
Operating income	1,921
(Loss) Income before extraordinary items	(29,666)
Net (loss) income	(29,666)
Basic and diluted (loss) earnings per unit:	
As reported units outstanding	20,754
Pro forma units outstanding	28,319
As reported net (loss) income per unit	$ (0.64)
Pro forma net (loss) income per unit	$ (1.05)

Port Hudson Assets Acquisition

Effective July 1, 2007, we paid $8.1 million for BP Pipelines (North America) Inc.'s Port Hudson crude oil truck terminal, marine terminal, and marine dock on the Mississippi River, which includes 215,000 barrels of tankage, a pipeline and other related assets in East Baton Rouge Parish, Louisiana. The acquisition was funded with borrowings under our credit facility.

The purchase price was allocated to the assets acquired based on estimated fair values. The allocation of the purchase price is summarized as follows:

Property and equipment	$4,134
Goodwill	3,969
Total	$8,103

See additional information on goodwill in Note 10.

4. Consolidated Joint Venture - DG Marine

DG Marine is a joint venture we formed with TD Marine. TD Marine owns (indirectly) a 51% economic interest in DG Marine, and we own (directly and indirectly) a 49% economic interest. This joint venture gives us the capability to provide transportation services of petroleum products by barge and complements our other supply and logistics operations.

We entered into a subordinated loan agreement with DG Marine whereby we may (at our sole discretion) lend up to $25 million to DG Marine. The loan agreement provides for DG Marine to pay us interest on any loans at the prime

rate plus 4%. Those loans will mature on January 31, 2012. Under that subordinated loan agreement, DG Marine is required to make monthly payments to us of principal and interest to the extent DG Marine has any available cash that otherwise would have been distributed to the owners of DG Marine in respect of their equity interest. DG Marine also has a revolving credit facility with a syndicate of financial institutions that includes restrictions on DG Marine's ability to make specified payments under our subordinated loan agreement and distributions in respect of our equity interest. At December 31, 2009, $25 million was outstanding under the subordinated loan agreement; however this amount and the associated interest expense were eliminated in our Consolidated Financial Statements. No payments have been made to us from DG Marine under the subordinated loan agreement as of December 31, 2009. At December 31, 2008, there were no amounts outstanding under the subordinated loan agreement.

117

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2009 and 2008, our Consolidated Balance Sheets included the following amounts related to DG Marine:

	December 31,	
	2009	2008
Cash	$ 585	$ 623
Accounts receivable - trade	3,216	2,812
Other current assets	2,421	859
Fixed assets, at cost	124,276	110,214
Accumulated depreciation	(9,139)	(3,084)
Intangible assets, net	1,758	2,208
Other assets	1,174	2,178
Total assets	$ 124,291	$ 115,810
Accounts payable	$ 1,788	$ 1,072
Accrued liabilities	3,601	9,258
Long-term debt	46,900	55,300
Other long-term liabilities	683	1,393
Total liabilities	$ 52,972	$ 67,023

5. Inventories

The major components of inventories were as follows:

	December 31,	
	2009	2008
Crude oil	13,901	1,878
Petroleum products	22,150	5,589
Caustic soda	1,985	7,139
NaHS	2,154	6,923
Other	14	15
Total inventories	$ 40,204	$ 21,544

At December 31, 2009, market values of our inventory exceeded recorded costs. Our inventory at December 31, 2008 is reflected net of charges totaling $1.2 million that we recorded to reduce the cost basis of our crude oil and petroleum products inventory to reflect market value. The lower of cost or market adjustment is included in “Product Costs” of our Supply & Logistics segment on our Consolidated Statements of Operations.

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Fixed Assets and Asset Retirement Obligations

Fixed Assets

Fixed assets consisted of the following.

	December 31, 2009	December 31, 2008
Land, buildings and improvements	$ 14,028	$ 13,549
Pipelines and related assets	156,274	139,184
Machinery and equipment	27,016	22,899
Transportation equipment	31,669	32,833
Barges and push boats	122,913	96,865
Office equipment, furniture and fixtures	4,412	4,401
Construction in progress	4,813	27,906
Other	12,802	11,575
Subtotal	373,927	349,212
Accumulated depreciation	(89,040)	(67,107)
Total	$ 284,887	$ 282,105

In 2009, 2008 and 2007, $112,000, $276,000 and $57,000 of interest cost, respectively, were capitalized related to the construction of pipelines and related assets.

Depreciation expense was $25.2 million, $20.4 million and $8.9 million for the years ended December 31, 2009, 2008, and 2007, respectively.

Asset Impairment Charge

During the fourth quarter of 2007, changes in the source of the supply of natural gas to our natural gas gathering pipelines (which are included in our pipeline transportation segment) indicated to us that the carrying amount of our natural gas gathering pipelines might not be recoverable. We made certain assumptions when estimating future cash flows to be generated from the assets including declines in future sales volumes and costs of testing required for integrity purposes. As a result, we tested the carrying value of these assets for recoverability, and determined that we should record an impairment charge of $1.5 million related to these assets.

Asset Retirement Obligations

A reconciliation of our liability for asset retirement obligations is as follows:

Asset retirement obligations as of December 31, 2007	$1,173
Liabilities incurred and assumed in the current period	121
Accretion expense	136
Asset retirement obligations as of December 31, 2008	1,430
Liabilities incurred and assumed in the current period	726
Liabilities settled in the current period	(117)
Accretion expense	152

Revisions in estimated cash flows	2,647
Asset retirement obligations as of December 31, 2009	$4,838

At December 31, 2008, $0.2 million of our asset retirement obligation was classified in “Accrued liabilities” under current liabilities in our Consolidated Balance Sheets. Liabilities incurred and assumed during the period are for properties acquired during the year. Certain of our unconsolidated affiliates have asset retirement obligations recorded at December 31, 2009 and 2008 relating to contractual agreements. These amounts are immaterial to our Consolidated Financial Statements.

119

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Net Investment in Direct Financing Leases

As discussed in Note 3, we entered into a lease arrangement with Denbury related to the NEJD Pipeline in May 2008 that is being accounted for as a direct financing lease. Denbury pays us fixed payments of $5.2 million per quarter related to that lease that began in August 2008.

The following table lists the components of the net investment in direct financing leases:

	December 31,			
		2009		2008
Total minimum lease payments to be received	$	385,565	$	407,392
Estimated residual values of leased property (unguaranteed)		1,287		1,287
Unamortized initial direct costs		2,380		2,580
Less unearned income		(212,003)		(230,298)
Net investment in direct financing leases	$	177,229	$	180,961

At December 31, 2009, minimum lease payments to be received for each of the five succeeding fiscal years are $21.9 million per year for 2010 through 2011, $21.8 million for 2012, $21.3 million for 2013 and $21.2 million for 2014.

8. CO2 Assets

CO2 assets consisted of the following.

	December 31,			
		2009		2008
CO2 volumetric production payments	$	43,570	$	43,570
Less - Accumulated amortization		(23,465)		(19,191)
Net CO2 assets	$	20,105	$	24,379

The volumetric production payments entitle us to a maximum daily quantity of CO2 of 91,875 million cubic feet, or Mcf per day for the calendar years 2010 through 2012 and 73,875 Mcf per day beginning in 2013 until we have received all volumes under the production payments. Under the terms of transportation agreements, Denbury processes and delivers this CO2 to our industrial customers and receive a fee of $0.16 per Mcf, subject to inflationary adjustments from us. During 2009 this fee averaged $0.2043 per Mcf.

The terms of the contracts with the industrial customers include minimum take-or-pay and maximum delivery volumes. The seven industrial contracts expire at various dates between 2011 and 2016, with one small contract extending until 2023.

The CO2 assets are being amortized on a units-of-production method. After purchase price adjustments, we had 276.7 Bcf of CO2 at acquisition, and the total $43.6 million cost is being amortized based on the volume of CO2 sold each month. For 2009, 2008 and 2007, we recorded amortization of $4,274,000, $4,537,000 and $4,488,000, respectively. We have 127.0 Bcf of CO2 remaining under the volumetric production payments at December 31, 2009. Based on the historical deliveries of CO2 to the customers (which have exceeded minimum take-or-pay volumes), we expect amortization for the next five years to be approximately $4,274,000 for 2010, $3,920,000 for 2011 and 2012 and $3,258,000 for 2013 and 2014.

9. Equity Investees and Other Investments

Equity Investees

We are accounting for our 50% ownership in each of two joint ventures, T&P Syngas and Sandhill under the equity method of accounting. We paid $7.8 million more for our interest in these joint ventures than our share of capital on their balance sheets at the date of the acquisition. This excess amount of the purchase price over the equity in the joint ventures has been allocated to the tangible and intangible assets of the joint ventures based on the fair value of those assets, with the remainder of the excess purchase price of $0.7 million allocated to goodwill. The table below reflects information included in our Consolidated Financial Statements related to our equity investees.

120

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Year Ended December 31,		
	2009	2008	2007
Genesis' share of operating earnings	1,261	1,137	1,898
Amortization of excess purchase price	285	(628)	(628)
Net equity in earnings	$ 1,546	$ 509	$ 1,270
Distributions received	$ 950	$ 2,158	$ 2,240

Other Projects

In 2006, we invested in the Faustina Project, a petroleum coke to ammonia project that is in the development stage. As a result of a review of the financing alternatives for the project, requirements for continued funding for the project and the change in control of our general partner in February 2010, we decided not to fund our share of further development in the project. We further determined that the likelihood of a recovery of our investment was remote, and the fair value of the investment was zero. In 2009, we recorded a $5.0 million impairment charge related to our investment in the Faustina Project, reducing the value of that investment in our Consolidated Balance Sheets at December 31, 2009 to zero. At December 31, 2008, our Consolidated Balance Sheet included $4.9 million related to our investment in the Faustina Project.

10. Intangible Assets, Goodwill and Other Assets

Intangible Assets

In connection with the Davison and DG Marine acquisitions (See Note 3), we allocated a portion of the purchase price to intangible assets based on their fair values. The following table reflects the components of intangible assets being amortized at December 31, 2009:

		December 31, 2009			December 31, 2008		
	Weighted Amortization Period in Years	Gross Carrying Amount	Accumulated Amortization	Carrying Value	Gross Carrying Amount	Accumulated Amortization	Carrying Value
Refinery services customer relationships	5	$ 94,654	$ 41,450	$ 53,204	$ 94,654	$ 26,017	$ 68,637
Supply and logistics customer relationships	5	35,430	15,493	19,937	35,430	9,957	25,473
Refinery services supplier relationships	2	36,469	28,551	7,918	36,469	24,483	11,986
	6	38,678	11,681	26,997	38,678	7,176	31,502

Refinery services licensing agreements							
Supply and logistics trade names - Davison and Grifco	7	18,888	5,444	13,444	18,888	3,118	15,770
Supply and logistics favorable lease	15	13,260	1,144	12,116	13,260	671	12,589
Other	5	3,823	1,109	2,714	1,322	346	976
Total	5	$ 241,202	$ 104,872	$ 136,330	$ 238,701	$ 71,768	$ 166,933

The licensing agreements referred to in the table above relate to the agreements we have with refiners to provide services. The trade names are the Davison and Grifco names, which we retained the right to use in our operations. The favorable lease relates to a lease of a terminal facility in Shreveport, Louisiana.

We are recording amortization of our intangible assets based on the period over which the asset is expected to contribute to our future cash flows. Generally, the contribution to our cash flows of the customer and supplier relationships, licensing agreements and trade name intangible assets is expected to decline over time, such that greater value is attributable to the periods shortly after the acquisition was made. The favorable lease and other intangible assets are being amortized on a straight-line basis. Amortization expense on intangible assets was $33.1 million, $46.4 million and $25.4 million for the years ended December 31, 2009, 2008 and 2007, respectively.

121

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table reflects our estimated amortization expense for each of the five subsequent fiscal years:

	2010	2011	2012	2013	2014
Refinery services customer relationships	$ 11,689	$ 8,972	$ 7,056	$ 7,116	$ 5,597
Supply and logistics customer relationships	4,488	3,603	2,819	2,165	1,660
Refinery services supplier relationships	2,925	2,629	2,364	-	-
Refinery services licensing agreements	4,105	3,690	3,416	3,163	2,928
Supply and logistics trade name	2,086	1,851	1,432	1,237	1,073
Supply and logistics favorable lease	474	474	474	474	474
Other	869	700	701	110	58
Total	$ 26,636	$ 21,919	$ 18,262	$ 14,265	$ 11,790

Goodwill

In connection with the Davison and Port Hudson acquisitions (See Note 3), we allocated the residual of the purchase price over the fair values of the net tangible and identifiable intangible assets acquired to goodwill. The carrying amount of goodwill by business segment at December 31, 2009 and 2008 was $301.9 million in refinery services and $23.1 million in supply and logistics. We have not recognized any impairment losses related to goodwill for any of the periods presented.

Other Assets

Other assets consisted of the following.

	December 31,	
	2009	2008
Credit facility fees - Genesis	$ 5,022	$ 5,022
Credit facility fees - DG Marine	2,373	2,536
Initial direct costs related to Free State Pipeline lease	1,132	1,132
Deferred tax asset	-	1,543
Other deferred costs and deposits	131	7,502
	8,658	17,735
Less - Accumulated amortization	(4,298)	(2,322)
Net other assets	$ 4,360	$ 15,413

Amortization of the initial direct costs related to the Free State Pipeline lease for the years ended December 31, 2009 and 2008 was $60,000 and $35,000, respectively. Amortization expense of credit facility fees for the years ended December 31, 2009, 2008 and 2007 was $1,917,000, $1,437,000 and $779,000, respectively. In the fourth quarter of 2009, we charged to expense $586,000 of unamortized fees related to the DG Marine credit facility that we amended in November 2009. Additional fees of $423,000 related to the amendment of the DG Marine facility were deferred in

November 2009 and will be amortized over the remaining term of the facility. Total amortization of initial direct costs and credit facility fees for the next five years will be $1,898,000 for 2010, $1,413,000 for 2011 and $60,000 per year for 2012 through 2014.

122

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. Debt

At December 31, 2009 our obligations under credit facilities consisted of the following:

	December 31,			
		2009		2008
Genesis Credit Facility	$	320,000	$	320,000
DG Marine Credit Facility (non-recourse to Genesis)		46,900		55,300
Total Long-Term Debt	$	366,900	$	375,300

Genesis Credit Facility

We have a $500 million credit facility, $100 million of which can be used for letters of credit, with a group of banks led by Fortis Capital Corp. and Deutsche Bank Securities Inc. The borrowing base is recalculated quarterly and at the time of material acquisitions. The borrowing base represents the amount that can be borrowed or utilized for letters of credit from a credit standpoint based on our EBITDA (earnings before interest, taxes, depreciation and amortization), computed in accordance with the provisions of our credit facility.

The borrowing base may be increased to the extent of pro forma additional EBITDA, as defined in the credit agreement, attributable to acquisitions or internal growth projects with approval of the lenders. Our borrowing base as of December 31, 2009 was $407 million.

At December 31, 2009, we had $320 million borrowed under our credit facility and $5.2 million in letters of credit outstanding. Due to the revolving nature of loans under our credit facility, additional borrowings and periodic repayments and re-borrowings may be made until the maturity date of November 15, 2011. The total amount available for borrowings at December 31, 2009 was $82 million under our credit facility.

The key terms for rates under our credit facility are as follows:

- The interest rate on borrowings may be based on the prime rate or the LIBOR rate, at our option. The interest rate on prime rate loans can range from the prime rate plus 0.50% to the prime rate plus 1.875%. The interest rate for LIBOR-based loans can range from the LIBOR rate plus 1.50% to the LIBOR rate plus 2.875%. The rate is based on our leverage ratio as computed under the credit facility. Our leverage ratio is recalculated quarterly and in connection with each material acquisition. At December 31, 2009, our borrowing rates were the prime rate plus 0.75% or the LIBOR rate plus 1.75%.

- Letter of credit fees will range from 1.50% to 2.875% based on our leverage ratio as computed under the credit facility. The rate can fluctuate quarterly. At December 31, 2009, our letter of credit rate was 1.75%.

- We pay a commitment fee on the unused portion of the $500 million maximum facility amount. The commitment fee will range from 0.30% to 0.50% based on our leverage ratio as computed under the credit facility. The rate can fluctuate quarterly. At December 31, 2008, the commitment fee rate was 0.375%.

Collateral under the credit facility consists of substantially all our assets, excluding our interest in the NEJD pipeline, our ownership interest in the Free State pipeline, and the assets of and our equity interest in DG Marine. All of the

equity interest of DG Marine is pledged to secure its credit facility, which is described below. While our general partner is jointly and severally liable for all of our obligations unless and except to the extent those obligations provide that they are non-recourse to our general partner, our credit facility expressly provides that it is non-recourse to our general partner (except to the extent of its pledge of its general partner interest in certain of our subsidiaries), as well as to Denbury and its other subsidiaries.

Our credit facility contains customary covenants (affirmative, negative and financial) that limit the manner in which we may conduct our business. Our credit facility contains three primary financial covenants - a debt service coverage ratio, leverage ratio and funded indebtedness to capitalization ratio – that require us to achieve specific minimum financial metrics. In general, our debt service coverage ratio calculation compares EBITDA (as defined and adjusted in accordance with the credit facility) to interest expense. Our leverage ratio calculation compares our consolidated funded debt (as calculated in accordance with our credit facility) to EBITDA (as adjusted). Our funded indebtedness ratio compares outstanding debt to the sum of our consolidated total funded debt plus our consolidated net worth. Our credit facility includes provisions for the temporary adjustment of the required ratios following material acquisitions and with lender approval.

123

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Financial Covenant	Requirement	Required Ratio through December 31, 2009	Actual Ratio as of December 31, 2009
Debt Service Coverage Ratio	Minimum	3.00 to 1.0	13.93 to 1.0
Leverage Ratio	Maximum	5.50 to 1.0	3.22 to 1.0
Funded Indebtedness Ratio	Maximum	0.65 to 1.0	0.40 to 1.0

If we meet these financial metrics and are not otherwise in default under our credit facility, we may make quarterly distributions; however, the amount of such distributions may not exceed the sum of the distributable cash (as defined in the credit facility) generated by us for the eight most recent quarters, less the sum of the distributions made with respect to those quarters. At December 31, 2009, the excess of distributable cash over distributions under this provision of the credit facility was $76.8 million.

DG Marine Credit Facility

In connection with its acquisition of the Grifco assets on July 18, 2008, DG Marine entered into a $90 million revolving credit facility with a syndicate of banks led by SunTrust Bank and BMO Capital Markets Financing, Inc. The facility amount was reduced to $54 million in November 2009. Genesis has provided a guaranty of $7.5 million to the lenders in the DG Marine credit facility.

In addition to partially financing the Grifco acquisition, DG Marine may borrow under that facility for general corporate purposes, such as paying for its newly constructed barges and funding working capital requirements, including up to $5 million in letters of credit. That facility, which matures on July 18, 2011, is secured by all of the equity interests issued by DG Marine and substantially all of DG Marine’s assets. Other than the pledge of our equity interest in DG Marine and our guaranty of $7.5 million, that facility is non-recourse to us and TD Marine. At December 31, 2009, our Consolidated Balance Sheet included $124.3 million of DG Marine’s assets in our total assets.

At December 31, 2009, DG Marine had $46.9 million outstanding under its credit facility. Due to the revolving nature of loans under the DG Marine credit facility, additional borrowings and periodic repayments and re-borrowings may be made until the maturity date. The total amount available for borrowings at December 31, 2009 was $7.1 million under this credit facility.

The key terms for rates under the DG Marine credit facility are as follows:

- The interest rate on borrowings may be based on the prime rate or the LIBOR rate, at our option. The interest rate on prime rate loans can range from the prime rate plus 1.50% to the prime rate plus 4.00%. The interest rate for LIBOR-based loans can range from the LIBOR rate plus 2.50% to the LIBOR rate plus 5.00%. The rate is based on DG Marine’s leverage ratio as computed under the credit facility. Under the terms of DG Marine’s credit facility, the rates will fluctuate quarterly based on the leverage ratio. At December 31, 2009, DG Marine’s borrowing rates were the prime rate plus 4.00% or the LIBOR rate plus 5.00%.

- Letter of credit fees will range from 2.50% to 5.00% based on DG Marine’s leverage ratio as computed under the credit facility. The rate can fluctuate quarterly. At December 31, 2009, there were no letters of credit outstanding under the DG Marine credit facility.

- DG Marine pays a commitment fee on the unused portion of the $54 million facility amount. The commitment fee will range from 0.25% to 0.50% based on its leverage ratio as computed under the credit facility. The rate will fluctuate quarterly based on the leverage ratio. At December 31, 2009, the commitment fee rate was 0.50%.

In August 2008, DG Marine entered into a series of interest rate swap agreements to effectively fix the underlying LIBOR rate on $32.9 million of its borrowings under its credit facility through July 18, 2011. The fixed interest rates in the swap agreements range from the three-month interest rate of 3.88% in effect at December 31, 2009 to 4.68% at July 18, 2011.

124

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DG Marine's credit facility contains customary covenants (affirmative, negative and financial) that limit the manner in which it may conduct its business. DG Marine's credit facility contains three primary financial covenants – an interest coverage ratio, leverage ratio and asset coverage ratio – that require DG Marine to achieve specific minimum financial metrics. In general, the interest coverage ratio calculation compares EBITDA (as defined and adjusted in accordance with the credit facility) to interest expense. The leverage ratio calculation compares DG Marine's funded debt (as calculated in accordance with the credit facility) to EBITDA (as adjusted). The asset coverage ratio compares an estimated liquidation value of DG Marine's boats and barges to DG Marine's outstanding debt.

Financial Covenant	Requirement	Required Ratio through December 31, 2009	Actual Ratio as of December 31, 2009
Interest Coverage Ratio	Minimum	2.50 to 1.0	2.95 to 1.0
Leverage Ratio	Maximum	4.00 to 1.0	3.60 to 1.0
Asset Coverage Ratio	Minimum	1.0 to 1.0	1.75 to 1.0

Our long-term debt, including the DG Marine credit facility, totaling $366.9 million matures in 2011. We have estimated the fair value of our long-term debt to be approximately $359.9 million, or $7.0 million less than the carrying value of that debt based on consideration of our credit standing.

12. Partners' Capital and Distributions

Partner's capital at December 31, 2009 consists of 39,487,997 common units, including 4,028,096 units owned by our general partner and its affiliates, representing a 98% aggregate ownership interest in the Partnership and its subsidiaries (after giving effect to the general partner interest), and a 2% general partner interest. Subsequent to December 31, 2009, our general partner transferred the common units it held to another affiliate of Denbury. See Note 23.

Our general partner owns all of our general partner interest, including incentive distribution rights (IDRs), all of the 0.01% general partner interest in Genesis Crude Oil, L.P. (which is reflected as a noncontrolling interest in the Consolidated Balance Sheet at December 31, 2009) and operates our business.

Our partnership agreement authorizes our general partner to cause us to issue additional limited partner interests and other equity securities, the proceeds from which could be used to provide additional funds for acquisitions or other needs.

Distributions

Generally, we will distribute 100% of our available cash (as defined by our partnership agreement) within 45 days after the end of each quarter to unitholders of record and to our general partner. Available cash consists generally of all of our cash receipts less cash disbursements adjusted for net changes to reserves. As discussed in Note 11, our credit facility limits the amount of distributions we may pay in any quarter. At December 31, 2009, our restricted net assets (as defined in Rule 4-03(e)(3) of Regulations S-X) were $492.1 million.

Pursuant to our partnership agreement, our general partner receives incremental incentive cash distributions when unitholders' cash distributions exceed certain target thresholds, in addition to its 2% general partner interest. The allocations of distributions between our common unitholders and our general partner, including the incentive distribution rights is as follows:

125

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Unitholders		General Partner	
Quarterly Cash Distribution per Common Unit:				
Up to and including $0.25 per Unit	98.00	%	2.00	%
First Target - $0.251 per Unit up to and including $0.28 per Unit	84.74	%	15.26	%
Second Target - $0.281 per Unit up to and including $0.33 per Unit	74.53	%	25.47	%
Over Second Target - Cash distributions greater than $.033 per Unit	49.02	%	50.98	%

We paid distributions in 2008 and 2009 as follows:

Distribution For	Date Paid	Per Unit Amount	Limited Partner Interests Amount	General Partner Interest Amount	General Partner Incentive Distribution Amount	Total Amount
Fourth quarter 2007	February 2008	$ 0.2850	$ 10,902	$ 222	$ 245	$ 11,369
First quarter 2008	May 2008	$ 0.3000	$ 11,476	$ 234	$ 429	$ 12,139
Second quarter 2008	August 2008	$ 0.3150	$ 12,427	$ 254	$ 633	$ 13,314
Third quarter 2008	November 2008	$ 0.3225	$ 12,723	$ 260	$ 728	$ 13,711
Fourth quarter 2008	February 2009	$ 0.3300	$ 13,021	$ 266	$ 823	$ 14,110
First quarter 2009	May 2009	$ 0.3375	$ 13,317	$ 271	$ 1,125	$ 14,713
Second quarter 2009	August 2009	$ 0.3450	$ 13,621	$ 278	$ 1,427	$ 15,326
Third quarter 2009	November 2009	$ 0.3525	$ 13,918	$ 284	$ 1,729	$ 15,931
Fourth quarter 2009	February 2010	$ 0.3600	$ 14,251	$ 291	$ 2,037	$ 16,579

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Net Income (Loss) per Common Unit

The following table sets forth the computation of basic net income per common unit.

	Year Ended December 31,		
	2009	2008	2007
Numerators for basic and diluted net income (loss)per common unit:			
Income (loss) attributable to Genesis Energy, L.P.	$8,063	$26,089	$(13,550)
Less: General partner's incentive distribution paid or to be paid for the period	(6,318)	(2,613)	(335)
Add: Expense allocable to our general partner	18,853	-	-
Subtotal	20,598	23,476	(13,885)
Less: General partner 2% ownership	(412)	(470)	277
Income (loss) available for common unitholders	$20,186	$23,006	$(13,608)
Denominator for basic per common unit:			
Common Units	39,471	38,961	20,754
Denominator for diluted per common unit:			
Common Units	39,471	38,961	20,754
Phantom Units	132	64	-
	39,603	39,025	20,754
Basic net income per common unit	$0.51	$0.59	$(0.66)
Diluted net income per common unit	$0.51	$0.59	$(0.66)

Equity Issuances and Contributions

During the last three years we have issued a total of 15,495,940 common units in the acquisition of assets. A summary of these unit issuances is as follows:

Period	Acquisition Transaction	Units	Value Attributed to Assets
July 2008	Grifco	838	$ 16,667
May 2008	Free State Pipeline	1,199	$ 25,000
July 2007	Davison	13,459	$ 330,000

We issued new common units to the public and our general partner for cash as follows:

Period	Purchaser of Common Units	Units	Gross Unit Price	Issuance Value	GP Contributions	Costs	Net Proceeds
December 2007	Public	9,200	$ 22.000	$ 202,400	$ -	$ 8,846	$ 193,554

December 2007	General Partner	735	$	21.120	$	15,518	$	4,447	$	-	$	19,965
July 2007	General Partner	1,075	$	20.836	$	22,361	$	6,171	$	-	$	28,532

On July 18, 2008, we issued 837,690 of our common units to Grifco. The units were issued at a value of $19.896 per unit, for a total value of $16.7 million, as a portion of the consideration for the acquisition of the inland marine transportation business of Grifco.

Additionally, on July 18, 2008, we redeemed 837,690 of our common units owned by members of the Davison family. Those units had been issued as a portion of the consideration for the acquisition of the energy-related business of the Davison family in July 2007. The redemption was at a value of $19.896 per unit, for a total value of $16.7 million. After giving effect to the issuance and redemption described above, we did not experience a change in the number of common units outstanding.

127

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On May 30, 2008, we issued 1,199,041 common units to Denbury in connection with the acquisition of the Free State pipeline. Our general partner also contributed $0.5 million to maintain its capital account balance.

On December 10, 2007 we issued 9,200,000 common units is a public offering, providing cash of $193.6 million after underwriters discount and offering costs. Our general partner exercised its right to maintain its proportionate share of our outstanding units and purchased 734,732 common units from us for $15.5 million, or $21.12 per common unit. Our general partner also contributed approximately $4.4 million to maintain its capital account balance.

In July 2007, we issued 13,459,209 common units to the entities owned and controlled by the Davison family as a portion of the purchase price. Additionally at that time, our general partner exercised its right to maintain its proportionate share of our outstanding common units by purchasing 1,074,882 common units from us for $22.4 million cash, or $20.8036 per common unit. As required under our partnership agreement, our general partner also contributed approximately $6.2 million to maintain its capital account balance.

Our general partner made a capital contribution of $1.4 million in December 2007 to offset a portion of the severance payment to a former executive. We also recorded a non-cash capital contribution of $3.4 million from our general partner for the estimated value of the compensation earned in 2007 under the proposed arrangements with our senior management team related to an incentive interest in our general partner. In 2009, we recorded a additional non-cash contribution of $14.1 million from our general partner related to incentive compensation arrangements with our senior executives. As the purpose of incentive interest is to incentivize these individuals to grow the partnership, the expense is recognized as compensation by us and a capital contribution by the general partner.

13. Business Segment Information

Our operations consist of four operating segments: (1) Pipeline Transportation – interstate and intrastate crude oil, and to a lesser extent, natural gas and CO2 pipeline transportation; (2) Refinery Services – processing high sulfur (or “sour”) gas streams as part of refining operations to remove the sulfur and sale of the related by-product; (3) Industrial Gases – the sale of CO2 acquired under volumetric production payments to industrial customers and our investment in a syngas processing facility, and (4) Supply and Logistics – terminaling, blending, storing, marketing, gathering and transporting by truck and barge crude oil and petroleum products. Substantially all of our revenues are derived from, and substantially all of our assets are located in the United States.

We define segment margin as revenues less cost of sales, operating expenses (excluding depreciation and amortization), and segment general and administrative expenses, plus our equity in distributable cash generated by our joint ventures. Our segment margin definition also excludes the non-cash effects of our equity-based compensation plans and the unrealized gains and losses on derivative transactions not designated as hedges for accounting purposes. Segment margin includes the non-income portion of payments received under direct financing leases. Our chief operating decision maker (our Chief Executive Officer) evaluates segment performance based on a variety of measures including segment margin, segment volumes where relevant and maintenance capital investment.

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Pipeline Transportation	Refinery Services	Supply & Logistics	Industrial Gases (a)	Total
Year Ended December 31, 2009					
Segment margin (b)	$ 42,162	$51,844	$29,052	$11,432	$134,490
Capital expenditures (c)	$ 3,043	$2,572	$23,498	$83	$29,196
Maintenance capital expenditures	$ 1,281	$1,246	$1,899	$-	$4,426
Net fixed and other long-term assets (d)	$ 279,574	$409,556	$234,421	$35,332	$958,883
Revenues:					
External customers	$ 44,461	$147,240	$1,227,453	$16,206	$1,435,360
Intersegment (e)	6,490	(5,875)	(615)	-	-
Total revenues of reportable segments	$ 50,951	$141,365	$1,226,838	$16,206	$1,435,360
Year Ended December 31, 2008					
Segment margin (b)	$ 33,149	$55,784	$32,448	$13,504	$134,885
Capital expenditures (c)	$ 262,200	$5,490	$118,585	$2,397	$388,672
Maintenance capital expenditures	$ 719	$1,881	$1,854	$-	$4,454
Net fixed and other long-term assets (d)	$ 285,773	$434,956	$245,815	$44,003	$1,010,547
Revenues:					
External customers	$ 39,051	$233,871	$1,851,113	$17,649	$2,141,684
Intersegment (e)	7,196	(8,497)	1,301	-	-
Total revenues of reportable segments	$ 46,247	$225,374	$1,852,414	$17,649	$2,141,684
Year Ended December 31, 2007					
Segment margin (b)	$ 14,170	$19,713	$10,646	$13,038	$57,567
Capital expenditures (c)	$ 6,592	$503,765	$138,403	$1,104	$649,864
Maintenance capital expenditures	$ 2,880	$469	$491	$-	$3,840
Net fixed and other long-term assets (d)	$ 32,936	$468,068	$145,915	$47,364	$694,283
Revenues:					
External customers	$ 23,356	$65,581	$1,094,558	$16,158	$1,199,653
Intersegment (e)	3,855	(3,486)	(369)	-	-
Total revenues of reportable segments	$ 27,211	$62,095	$1,094,189	$16,158	$1,199,653

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(a) The industrial gases segment includes our CO2 marketing operations and the income from our investments in T&P Syngas and Sandhill.

(b) A reconciliation of segment margin to income before income taxes for each year presented is as follows:

	Year Ended December 31,		
	2009	2008	2007
Segment margin	$ 134,490	$ 134,885	$ 57,567
Corporate general and administrative expenses	(36,475)	(22,113)	(17,573)
Depreciation, amortization and impairment	(67,586)	(71,370)	(40,245)
Net loss on disposal of surplus assets	(160)	(29)	(266)
Interest expense, net	(13,660)	(12,937)	(10,100)
Non-cash expenses not included in segment margin	(4,089)	1,355	(2,009)
Other non-cash items affecting segment margin	(3,262)	(4,328)	(1,579)
Income (loss) before income taxes	$ 9,258	$ 25,463	$ (14,205)

(c) Capital expenditures includes fixed asset additions and acquisitions of businesses.

(d) Net fixed and other long-term assets is a measure used by management in evaluating the results of our operations on a segment basis. Current assets are not allocated to segments as the amounts are not meaningful in evaluating the success of the segment's operations. Amounts for our Industrial Gases segment include investments in equity investees totaling $15.1 million, $14.5 million and $16.2 million at December 31, 2009, 2008 and 2007, respectively.

(e) Intersegment sales were conducted on an arm's length basis.

14. Transactions with Related Parties

Sales, purchases and other transactions with affiliated companies, in the opinion of management, are conducted under terms no more or less favorable than then-existing market conditions.

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Year Ended December 31,		
	2009	2008	2007
Truck transportation services provided to Denbury	$3,167	$3,578	$1,791
Pipeline transportation services provided to Denbury	$14,375	$10,727	$5,290
Payments received under direct financing leases from Denbury	$21,853	$11,519	$1,188
Pipeline transportation income portion of direct financing lease fees	$18,295	$11,011	$641
Pipeline monitoring services provided to Denbury	$120	$120	$120
Directors' fees paid to Denbury	$185	$195	$150
CO2 transportation services provided by Denbury	$5,475	$6,424	$5,213
Crude oil purchases from Denbury	$1,754	$-	$101
Operations, general and administrative services provided by our general partner	$50,417	$51,872	$22,490
Distributions to our general partner on its limited partner units and general partner interest, including incentive distributions	$10,066	$6,463	$1,671
Sales of CO2 to Sandhill	$2,867	$2,941	$2,783
Petroleum products sales to Davison family businesses	$757	$1,261	$-
Transition services costs to Davison family	$-	$-	$9,880

Transportation Services

We provide truck transportation services to Denbury to move their crude oil from the wellhead to our Mississippi pipeline. Denbury pays us a fee for this trucking service that varies with the distance the crude oil is trucked. These fees are reflected in the statement of operations as supply and logistics revenues.

We earn tariffs on our Mississippi pipeline for transporting Denbury's oil. We earned fees from Denbury for the transportation of their CO2 on our Free State pipeline. We also earned fees from Denbury under the direct financing lease arrangements for the Olive and Brookhaven crude oil pipelines and the Brookhaven and NEJD CO2 pipelines and recorded pipeline transportation income from these arrangements.

We also provide pipeline monitoring services to Denbury. This revenue is included in pipeline revenues in the statements of operations.

Directors' Fees

We paid Denbury for the services of each of the Denbury's officers who served as directors of our general partner, at an annual rate and for attendance at meetings that was the same as the rates at which our independent directors were paid.

CO2 Operations and Transportation

Denbury charges us a transportation fee of $0.16 per Mcf (adjusted for inflation) to deliver CO2 for us to our customers. In 2009, the inflation-adjusted transportation fee averaged $0.2043 per Mcf.

Operations, General and Administrative Services

We do not directly employ any persons to manage or operate our business. Those functions are provided by our general partner. We reimburse the general partner for all direct and indirect costs of these services, excluding any payments to our management team pursuant to their Class B Membership Interests. See Note 16.

131

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amounts due to and from Related Parties

At December 31, 2009 and 2008, we owed Denbury $1.0 million, respectively, for CO2 transportation charges. Denbury owed us $1.9 million and $2.0 million for transportation services at December 31, 2009 and 2008, respectively. We owed our general partner $2.1 million for administrative services at both December 31, 2009 and 2008. At December 31, 2009 and 2008, Sandhill owed us $0.7 million for purchases of CO2, respectively.

Drop-down transactions

On May 30, 2008, we entered into a $175 million financing lease arrangement with Denbury Onshore for the NEJD Pipeline System, and acquired the Free State CO2 pipeline system for $75 million, consisting of $50 million cash and $25 million of our common units. See Note 3.

Unit redemption

As discussed in Note 12, we redeemed 837,690 of our common units owned by members of the Davison family in July 2008. The total value of the units redeemed was $16.7 million.

DG Marine joint venture

Our partner in the DG Marine joint venture is TD Marine, LLC, a joint venture consisting of three members of the Davison family. See Note 3.

Financing

Our credit facility is non-recourse to our general partner, except to the extent of its pledge of its 0.01% general partner interest in Genesis Crude Oil, L.P. Our general partner's principal assets are its general and limited partnership interests in us. Our credit agreement obligations are not guaranteed by Denbury or any of its other subsidiaries.

We guarantee 50% of the obligation of Sandhill to Community Trust Bank. At December 31, 2009, the total amount of Sandhill's obligation to the bank was $2.65 million; therefore, our guarantee was for $1.33 million.

Approximately 12% of the outstanding common shares of Community Trust Bank are held by Davison family members. Community Trust Bank is a 17% participant in the DG Marine credit facility. James E. Davison, Jr., a member of our board of directors, also serves on the board of the holding company that owns Community Trust Bank.

As discussed in Note 12, our general partner made capital contributions in order to maintain its capital account totaling less than $0.1 million and $0.5 million in 2009 and 2008, respectively. Our general partner also purchased common units totaling $37.9 million in 2007. In addition, our general partner made a capital contribution of $1.4 million in December 2007 to offset a portion of the severance payment to a former executive. In 2009 and 2007, we recorded a capital contribution from our general partner of $14.1 million and $3.4 million, respectively, related to compensation recognized for our executive management team. See Note 16.

15. Supplemental Cash Flow Information

The following table provides information regarding the net changes in components of operating assets and liabilities.

132

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Year Ended December 31,		
	2009	2008	2007
Decrease (increase) in:			
Accounts receivable	$(7,979)	$61,126	$(35,362)
Inventories	(16,559)	(5,557)	(143)
Other current assets	(2,712)	(2,419)	(1,887)
Increase (decrease) in:			
Accounts payable	19,203	(58,224)	34,523
Accrued liabilities	(1,522)	3,812	6,149
Net changes in components of operating assets and liabilities,net of working capital acquired	$(9,569)	$(1,262)	$3,280

Cash received by us for interest during the years ended December 31, 2009, 2008 and 2007 was $0.1 million, $0.1 million and $0.3 million, respectively. Payments of interest and commitment fees were $13.3 million, $11.3 million and $8.4 million, during the years ended December 31, 2009, 2008 and 2007, respectively.

Cash paid for income taxes in during the years ended December 31, 2009, 2008 and 2007 was $0.2 million, $2.4 million and $1.6 million, respectively.

At December 31, 2009 and 2008, we had incurred liabilities for fixed asset additions totaling $0.5 million and $1.7 million, respectively, that had not been paid at the end of the year and, therefore, are not included in the caption "Additions to property and equipment" on the Consolidated Statements of Cash Flows. We had incurred liabilities for other assets totaling $0.3 million at December 31, 2007 that had not been paid at the end of the year and, therefore, are not included in the caption "Other, net" under investing activities on the Consolidated Statements of Cash Flows.

In May 2008, we issued common units with a value of $25 million as part of the consideration for the acquisition of the Free State Pipeline from Denbury. In July 2008, we issued common units with a value of $16.7 million as part of the consideration for the acquisition of the inland marine transportation assets of Grifco. These common unit issuances are non-cash transactions and the value of the assets acquired is not included in investing activities and the issuance of the common units is not reflected under financing activities in our Consolidated Statements of Cash Flows.

Additionally, we deferred payment of $12 million ($11.7 million discounted) of the consideration in the acquisition from Grifco to December 2008 and 2009. This deferral of the payment of consideration was a non-cash transaction and the value of the assets acquired is not included in investing activities in our Consolidated Statements of Cash Flows. The seller-financed consideration payments made in December 2008 and December 2009 are included in financing cash flows.

In July 2007, we issued common units with a value of $330 million as part of the consideration in the Davison acquisition. This common unit issuance is a non-cash transaction and the value of the assets acquired is not included under investing activities and the issuance of the common units are not reflected under financing activities in our Consolidated Statements of Cash Flows.

In 2007, our general partner made a non-cash contribution to us in the amount of $3.4 million that is not included in financing activities in the Consolidated Statements of Cash Flows. This contribution related to the estimated compensation earned by our management team for its services in 2007 under the proposed compensation arrangement with these individuals that existed at December 31, 2007.

16. Employee Benefit Plans and Equity-Based Compensation Plans

We do not directly employ any of the persons responsible for managing or operating our activities. Employees of our general partner provide those services and are covered by various retirement and other benefit plans.

In order to encourage long-term savings and to provide additional funds for retirement to its employees, our general partner sponsors a profit-sharing and retirement savings plan. Under this plan, our general partner's matching contribution is calculated as an equal match of the first 3% of each employee's annual pretax contribution and 50% of the next 3% of each employee's annual pretax contribution. Our general partner also made a profit-sharing contribution of 3% of each eligible employee's total compensation (subject to IRS limitations). The expenses included in the Consolidated Statements of Operations for costs relating to this plan were $2.2 million, $2.2 million, and $0.8 million for the years ended December 31, 2009, 2008 and 2007, respectively.

133

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Our general partner also provided certain health care and survivor benefits for its active employees. Our health care benefit programs are self-insured, with a catastrophic insurance policy to limit our costs. Our general partner plans to continue self-insuring these plans in the future. The expenses included in the Consolidated Statements of Operations for these benefits were $1.8 million, $1.7 million, and $1.5 million in 2009, 2008 and 2007, respectively. Effective January 1, 2008, the employees who operate the assets we acquired from the Davison family became participants in these plans.

Stock Appreciation Rights Plan

Under the terms of our stock appreciation rights plan, regular, full-time active employees (with the exception of our chief executive officer, chief operating officer and chief financial officer) and the members of the Board are eligible to participate in the plan. The plan is administered by the Compensation Committee of the Board, who shall determine, in its full discretion, who shall receive awards under the plan, the number of rights to award, the grant date of the units and the formula for allocating rights to the participants and the strike price of the rights awarded. Each right is equivalent to one common unit.

The rights have a term of 10 years from the date of grant. If the right has not been exercised at the end of the ten year term and the participant has not terminated his employment with us, the right will be deemed exercised as of the date of the right's expiration and a cash payment will be made as described below.

Upon vesting, the participant may exercise his rights and receive a cash payment calculated as the difference between the averages of the closing market price of our common units for the ten days preceding the date of exercise over the strike price of the right being exercised. The cash payment to the participant will be net of any applicable withholding taxes required by law. If the Committee determines, in its full discretion, that it would cause significant financial harm to the Partnership to make cash payments to participants who have exercised rights under the plan, then the Committee may authorize deferral of the cash payments until a later date.

Termination for any reason other than death, disability or normal retirement (as these terms are defined in the plan) will result in the forfeiture of any non-vested rights. Upon death, disability or normal retirement, all rights will become fully vested. If a participant is terminated for any reason within one year after the effective date of a change in control (as defined in the plan) all rights will become fully vested.

The compensation cost associated with our stock appreciation rights plan, which upon exercise will result in the payment of cash to the employee, is re-measured each reporting period based on the fair value of the rights. Under accounting guidance, the liability is calculated using a fair value method that takes into consideration the expected future value of the rights at their expected exercise dates.

We have elected to calculate the fair value of the rights under the plan using the Black-Scholes valuation model. This model requires that we include the expected volatility of the market price for our common units, the current price of our common units, the exercise price of the rights, the expected life of the rights, the current risk free interest rate, and our expected annual distribution yield. This valuation is then applied to the vested rights outstanding and to the non-vested rights based on the percentage of the service period that has elapsed. The expense we recognize is adjusted for expected forfeitures of rights (due to terminations before vesting, or expirations after vesting). The liability amount accrued on the balance sheet is adjusted to this amount at each balance sheet date with the adjustment reflected in the statement of operations.

The estimates that we make each period to determine the fair value of these rights include the following assumptions:

Assumptions Used for Fair Value of Rights

	December 31, 2009	December 31, 2008	December 31, 2007
Expected life of rights (in years)	0.25 - 5.50	1.25 - 6.00	2.25 - 6.25
Risk-free interest rate	0.05% - 2.52%	0.57% - 1.71%	3.12% - 3.65%
Expected unit price volatility	43.8%	42.8%	34.2%
Expected future distribution yield	8.50%	6.00%	6.00%

134

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- In determining the expected life of the rights, we use the simplified method allowed by the Securities and Exchange Commission. As our stock appreciation rights plan was not put in place until December 31, 2003 and our employee population tripled in 2008, we have very limited experience with employee exercise patterns.

- The expected volatility of our units is computed using the historical period we believe is representative of future expectations. We determined the period to use as the historical period by considering our distribution history and distribution yield.

- The risk-free interest rate was determined from the current yield for U.S. Treasury zero-coupon bonds with a term similar to the remaining expected life of the rights.

- In determining our expected future distribution yield, we considered our history of distribution payments, our expectations for future payments, and the distribution yields of entities similar to us. While current market conditions result in a lower distribution yield, we believe that the yield will be closer to 8.5% over the life of the outstanding rights.

- We estimated the expected forfeitures of non-vested rights and expirations of vested rights. We have limited experience with employee forfeiture and expiration patterns, as our plan was not initiated until December 31, 2003. We reviewed the history available to us as well as employee turnover patterns in determining the rates to use. We also used different estimates for different groups of employees.

The following table reflects rights activity under our plan as of January 1, 2009, and changes during the year ended December 31, 2009:

Stock Appreciation Rights	Rights	Weighted Average Exercise Price	Weighted Average Contractual Remaining Term (Yrs)	Aggregate Intrinsic Value
Outstanding at January 1, 2009	1,017,985	$ 18.09		
Granted during 2009	228,212	$ 13.00		
Exercised during 2009	(24,602)	$ 15.41		
Forfeited or expired during 2009	(101,597)	$ 18.34		
Outstanding at December 31, 2009	1,119,998	$ 17.14	7.4	$ 3,515
Exercisable at December 31, 2009	587,981	$ 16.13	6.2	$ 2,396

The weighted-average fair value at December 31, 2009 of rights granted during 2009 was $4.82 per right, determined using the following assumptions:

Assumptions Used for Fair Value of Rights at Grant Date	Granted in 2009
Expected life of rights (in years)	5.50
Risk-free interest rate	2.52%

Expected unit price volatility	43.8%
Expected future distribution yield	8.50%

The total intrinsic value of rights exercised during 2009, 2008 and 2007 was $0.1 million, $0.4 million and $1.6 million, respectively, which was paid in cash to the participants.

At December 31, 2009, there was $0.9 million of total unrecognized compensation cost related to rights that we expect will vest under the plan. This amount was calculated as the fair value at December 31, 2009 multiplied by those rights for which compensation cost has not been recognized, adjusted for estimated forfeitures. This unrecognized cost will be recalculated at each balance sheet date until the rights are exercised, forfeited or expire. For the awards outstanding at December 31, 2009, the remaining cost will be recognized over a weighted average period of approximately one year.

135

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

We recorded charges and credits related to our stock appreciation rights for three years ended December 31, 2009 as follows:

Expense (Credits to Expense) Related to Stock Appreciation Rights

Statement of Operations	2009	2008	2007
Supply and logistics operating costs	$ 1,431	$ (997)	$ 528
Refinery services operating costs	325	23	-
Pipeline operating costs	360	(296)	420
General and administrative expenses	1,263	(1,141)	1,576
Total	$ 3,379	$ (2,411)	$ 2,524

2007 Long Term Incentive Plan

Our Genesis Energy, Inc. 2007 Long Term Incentive Plan (the “2007 LTIP”) provides for awards of Phantom Units and Distribution Equivalent Rights to non-employee directors and employees of Genesis Energy, LLC, our general partner. Phantom Units are notional units representing unfunded and unsecured promises to deliver a Partnership common unit to the participant should specified vesting requirements be met. Distribution Equivalent Rights are rights to receive an amount of cash equal to all or a portion of the cash distributions made by the Partnership during a specified period. The 2007 LTIP is administered by the Compensation Committee of the board of directors of our general partner (the “Board”).

The Compensation Committee (at its discretion) will designate participants in the 2007 LTIP, determine the types of awards to grant to participants, determine the number of units to be covered by any award, and determine the conditions and terms of any award including vesting, settlement and forfeiture conditions. The 2007 LTIP may be amended or terminated at any time by the Board or the Compensation Committee; however, any material amendment, such as a material increase in the number of units available under the 2007 LTIP or a change in the types of awards available under the 2007 LTIP, will also require the approval of our unitholders. The Compensation Committee is also authorized to make adjustments in the terms and conditions of and the criteria included in awards under the plan in specified circumstances.

The common units to be awarded under the 2007 Plan will be obtained by our general partner through purchases made on the open market, from us, from any affiliates of our general partner or from any other person; however, it is generally intended that units are to be acquired from us as newly-issued common units.

Subject to adjustment as provided in the 2007 LTIP, awards with respect to up to an aggregate of 1,000,000 units may be granted under the 2007 LTIP, of which 832,928 remain authorized for issuance at December 31, 2009. Compensation expense is recognized on a straight-line basis over the vesting period. The fair value of the units is based on the market price of the underlying common units on the date of grant and the expense we recognize is adjusted for an allowance for estimated forfeitures. Due to the positions of the small group of employees and non-employee directors who received these grants, we have assumed that there will be no forfeitures of these Phantom Units in our fair value calculation as of December 31, 2009. The grant date fair value of the awards is measured by reducing the grant date market price by the present value of the distributions expected to be paid on the shares during the requisite service period, discounted at an appropriate risk-free interest rate.

The aggregate grant date fair value of Phantom Unit awards granted during 2009, 2008 and 2007 was $0.7 million, $0.8 million and $0.9 million, respectively. The total fair value of Phantom Units that vested during the years ended December 31, 2009 and 2008 was $0.7 million and $0.1 million, respectively. Compensation expense recognized during 2009 and 2008 for Phantom Units was as follows:

136

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Expense Related to Phantom Unit Awards

Statement of Operations	2009	2008
Supply and logistics operating costs	$ 36	$ 114
Refinery services operating costs	120	-
Pipeline operating costs	4	139
General and administrative expenses	869	494
Total	$ 1,029	$ 747

Expense recorded during 2007 was less than $0.1 million. As of December 31, 2009, there was $0.5 million of unrecognized compensation expense related to these units. This unrecognized compensation cost is expected to be recognized over a weighted-average period of one year. Due to the provisions in the 2007 Plan providing for immediate vesting of outstanding Phantom Units upon the occurrence of a change in control of our general partner, the outstanding Phantom Units vested in February 2010. See Note 23.

The following table summarizes information regarding our non-vested Phantom Unit grants as of December 31, 2009:

Non-vested Phantom Unit Grants	Number of Units	Weighted Average Grant-Date Fair Value	Weighted Average Contractual Remaining Term (Yrs)	Aggregate Intrisic Value
Non-vested at January 1, 2008	78,388	$ 19.32		
Granted during 2009	82,501	$ 8.14		
Vested during 2009	(33,532)	$ 19.79		
Forfeited during 2009	(3,500)	$ 8.88		
Non-vested at December 31, 2009	123,857	$ 12.04	0.9	$ 2,341

The weighted-average fair value of Phantom Units granted during 2009, 2008 and 2007 was determined using the following assumptions:

	Year Granted		
	2009	2008	2007
Expected distribution rate	$ 0.33	$ 0.285 - $0.315	$ 0.27
Risk-free rate	0.73% - 1.50 %	2.01% - 2.40 %	3.19% - 3.31 %
Weighted average grant date fair value	$ 8.14	$ 17.63	$ 21.92

Bonus Program

In January 2008, the Committee of the Board of our general partner approved a bonus program (referred to below as the Bonus Plan) for all employees of our general partner (with the exception of our Chief Executive Officer, Chief Operating Officer and Chief Financial Officer (collectively our "Senior Executives")) that was applicable to 2009 and 2008. The Bonus Plan is paid at the discretion of our Board based on the recommendation of the Compensation Committee, and can be amended or changed at any time. The Bonus Plan is designed to enhance the financial performance of the Partnership by rewarding employees for achieving financial performance and safety objectives. While the maximum amount that will be paid each year as bonuses is calculated based on two metrics, the actual amounts paid individually are discretionary and may total to less than the maximum that might otherwise be available.

The Bonus Plan is based primarily on the amount of money we generate for distributions to our unitholders, and is measured on a calendar-year basis. For 2009 and 2008, two metrics were used to determine the bonus pool – the level of Available Cash before Reserves (before subtracting bonus expense and related employer tax burdens) that we generate and our company-wide safety record improvement. The level of Available Cash before Reserves generated for the year as a percentage of a target set by our Committee is weighted ninety percent and the achieved level of the targeted improvement in our safety record is weighted ten percent. The sum of the weighted percentage achievement of these targets is multiplied by the eligible compensation and the target percentages established by our Compensation Committee for the various levels of our employees to determine the maximum bonus pool from which the majority of our employees are paid bonuses.

137

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A separate marketing bonus pool is available for compensating certain marketing personnel that is based on the contribution of that marketing group to Available Cash before Reserves. A minimum level of contribution to Available Cash before Reserves is required before any amounts are allocated to the marketing bonus pool.

For 2009 and 2008, we accrued $3.5 million and $4.0 million, respectively, for the general bonus pool and $0.4 million and $0.5 million, respectively, for the marketing bonus pool. 2009 bonuses will be paid to employees in March 2010.

Severance Protection Plan

In June 2005, the Compensation Committee of the Board of Directors of our general partner approved the Genesis Energy Severance Protection Plan, or Severance Plan, for employees of our general partner (with the exception of our Senior Executives.) The Severance Plan provides that a participant in the Plan is entitled to receive a severance benefit if his employment is terminated during the period beginning six months prior to a change in control and ending two years after a change in control, for any reason other than (x) termination by our general partner for cause or (y) termination by the participant for other than good reason. Termination by the participant for other than good reason would be triggered by a material change in job status, a material reduction in pay, or a requirement to relocate more than 25 miles.

A change in control is defined in the Severance Plan. Generally, a change in control is a change in the control of Denbury, a disposition by Denbury of more than 50% of our general partner, or a transaction involving the disposition of substantially all of the assets of Genesis.

The amount of severance is determined separately for three classes of participants. The first class, which includes two Executive Officers of Genesis, would receive a severance benefit equal to three times that participant’s annual salary and bonus amounts. The second class, which includes certain other members of management, would receive a severance benefit equal to two times that participant’s salary and bonus amounts. The third class of participant would receive a severance benefit based on the participant’s salary and bonus amounts and length of service. Participants would also receive certain medical and dental benefits.

Class B Membership Interests

As part of finalizing the compensation arrangements for our Senior Executives on December 31, 2008, our general partner awarded them an equity interest in our general partner as long-term incentive compensation. These Class B Membership Interests compensate the holders thereof by providing rewards based on increased shares of the cash distributions attributable to our incentive distribution rights (or IDRs)(See Note 12) to the extent we increase the level of available cash we generate for each quarter through the vesting date.

Our general partner agreed that it will not seek reimbursement (on behalf of itself or its affiliates) under our partnership agreement for the costs of these Senior Executive compensation arrangements . Although our general partner will not seek reimbursement for the costs of the Class B Membership Interests and deferred compensation plan arrangements, we will record non-cash expense.

The Class B Membership Interests awarded to our senior executives are accounted for as liability awards under the guidance for equity-based compensation. As such, the fair value of the compensation cost we record for these awards is recomputed at each measurement date through final settlement and the expense to be recorded is adjusted based on

that fair value. Therefore, changes in management's assumptions utilized in the determination of the fair value of the awards change the amount of compensation cost we record. Additionally the determination of fair value is affected by the distribution yield of a group of publicly-traded entities that are the general partners in publicly-traded master limited partnerships, a factor over which we have no control.

As these awards were issued, among other reasons, in settlement of our obligation to these employees recorded as of December 2007, we treated the issuance as a modification in accordance with the accounting guidance for share-based payments. Therefore, we compared the value of the compensation arrangements before the modification ($3.4 million) to the fair value of the awards and reflected the incremental compensation cost over the requisite service period of the new grant.

138

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2009, management estimates that the fair value of the Class B Membership Awards and the related deferred compensation awards granted to our Senior Executives is approximately $30.5 million. Management's estimates of fair value were made in order to record non-cash compensation expense over the vesting period. For the year ended December 31, 2009, we recorded expense of $14.1 million for these awards.

The fair value of the Class B Membership Awards and the related deferred compensation was calculated utilizing assumptions regarding the following factors:

- Estimates of the level of IDR distributions that would be paid to our general partner assuming our current quarterly increase in the distribution through the final vesting date of December 31, 2012.

- Estimates of the level of available cash we estimate we will generate for each quarter through the vesting date and available cash attributable to certain assets that are excluded in the computations.

- Estimates of an appropriate discount factor to utilize for computation of the fair value of the awards.

The Class B Membership Awards and related deferred compensation agreements contained provisions providing for accelerated vesting upon a change in control of our general partner. As a result of the sale of our general partner in February 2010, the Class B Membership Interests were redeemed or converted into other ownership interests in our general partner, and the deferred compensation was paid to the Senior Executives. See Note 23.

17. Major Customers and Credit Risk

Due to the nature of our supply and logistics operations, a disproportionate percentage of our trade receivables constitute obligations of oil companies. This industry concentration has the potential to impact our overall exposure to credit risk, either positively or negatively, in that our customers could be affected by similar changes in economic, industry or other conditions. However, we believe that the credit risk posed by this industry concentration is offset by the creditworthiness of our customer base. Our portfolio of accounts receivable is comprised in large part of integrated and large independent energy companies with stable payment experience. The credit risk related to contracts which are traded on the NYMEX is limited due to the daily cash settlement procedures and other NYMEX requirements.

We have established various procedures to manage our credit exposure, including initial credit approvals, credit limits, collateral requirements and rights of offset. Letters of credit, prepayments and guarantees are also utilized to limit credit risk to ensure that our established credit criteria are met.

Shell Oil Company accounted for 12.5% and 14.6% of total revenues in 2009 and 2008, respectively. Shell Oil Company and Occidental Energy Marketing, Inc. accounted for 20.7% and 11.2% of total revenues in 2007, respectively. The revenues from these two customers in all three years relate primarily to our supply and logistics operations.

18. Derivatives

On January 1, 2009, we adopted new accounting guidance which require enhanced disclosures about (1) how and why we use derivative instruments, (2) how derivative instruments and related hedged items are accounted for by us and (3) how derivative instruments and related hedged items affect our financial position, financial performance and cash

flows.

Commodity Derivatives

We have exposure to commodity price changes related to our inventory and purchase commitments. We utilize derivative instruments (primarily futures and options contracts traded on the NYMEX) to hedge our exposure to commodity prices, primarily crude oil, fuel oil and petroleum products; however, only a portion of these instruments are designated as hedges under the accounting guidance. Our decision as to whether to designate derivative instruments as fair value hedges for accounting purposes relates to our expectations of the length of time we expect to have the commodity price exposure and our expectations as to whether the derivative contract will qualify as highly effective under accounting guidance in limiting our exposure to commodity price risk. Most of the petroleum products, including fuel oil that we supply cannot be hedged with a high degree of effectiveness with derivative contracts available on the NYMEX; therefore, we do not designate derivative contracts utilized to limit our price risk related to these products as hedges for accounting purposes. Typically we utilize crude oil and natural gas futures and option contracts to limit our exposure to the effect of fluctuations in petroleum products prices on the future sale of our inventory or commitments to purchase petroleum products, and we recognize any changes in fair value of the derivative contracts as increases or decreases in our cost of sales. The recognition of changes in fair value of the derivative contracts not designated as hedges for accounting purposes can occur in reporting periods that do not coincide with the recognition of gain or loss on the actual transaction being hedged. Therefore we will, on occasion, report gains or losses in one period that will be partially offset by gains or losses in a future period when the hedged transaction is completed.

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

We have designated certain crude oil futures contracts as hedges of crude oil inventory due to our expectation that these contracts will be highly effective in hedging our exposure to fluctuations in crude oil prices during the period that we expect to hold that inventory. We account for these derivative instruments as fair value hedges under the accounting guidance. Changes in the fair value of these derivative instruments designated as fair value hedges are used to offset related changes in the fair value of the hedged crude oil inventory. Any hedge ineffectiveness in these fair value hedges and any amounts excluded from effectiveness testing are recorded as a gain or loss in the Consolidated Statements of Operations.

In accordance with NYMEX requirements, we fund the margin associated with our loss positions on commodity derivative contracts traded on the NYMEX. The amount of the margin is adjusted daily based on the fair value of the commodity contracts. The margin requirements are intended to mitigate a party's exposure to market volatility and the associated contracting party risk. We offset fair value amounts recorded for our NYMEX derivative contracts against margin funding as required by the NYMEX in Other Current Assets in our Consolidated Balance Sheets.

At December 31, 2009, we had the following outstanding derivative commodity futures, forwards and options contracts that were entered into to hedge inventory or fixed price purchase commitments:

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Sell (Short) Contracts	Buy (Long) Contracts
Designated as hedges under accounting rules:		
Crude oil futures:		
Contract volumes (1,000 bbls)	146	-
Weighted average contract price per bbl	$ 78.98	$ -
Not qualifying or not designated as hedges under accounting rules:		
Crude oil futures:		
Contract volumes (1,000 bbls)	305	111
Weighted average contract price per bbl	$ 77.79	$ 77.93
Heating oil futures:		
Contract volumes (1,000 bbls)	94	43
Weighted average contract price per gal	$ 1.92	$ 2.04
RBOB gasoline futures:		
Contract volumes (1,000 bbls)	14	-
Weighted average contract price per gal	$ 1.91	$ -
#6 Fuel Oil futures:		
Contract volumes (1,000 bbls)	75	-
Weighted average contract price per bbl	$ 68.06	$ -
Crude oil written calls:		
Contract volumes (1,000 bbls)	73	-
Weighted average premium received	$ 2.79	$ -

At December 31, 2008 and 2007, we had no commodity price risk derivatives that were designated as hedges for financial reporting purposes. Therefore, the derivative contracts were marked to fair value based on the closing price for the contracts at the end of each period and an asset or liability was recorded for the fair value and the change in fair value was recorded in our Consolidated Statements of Operations.

Interest Rate Derivatives

DG Marine utilizes swap contracts with financial institutions to hedge interest payments for $32.9 million of its outstanding debt through July 2011. The weighted average interest rate of these swap contracts is 4.36%. DG Marine expects these interest rate swap contracts to be highly effective in limiting its exposure to fluctuations in market interest rates, therefore, we have designated these swap contracts as cash flow hedges under accounting guidance. The effective portion of the derivative represents the change in fair value of the hedge that offsets the change in cash flows of the hedged item. The effective portion of the gain or loss in the fair value of these swap contracts is reported as a component of Accumulated Other Comprehensive Income (Loss) (AOCI) and reclassified into future earnings contemporaneously as interest expense associated with the underlying debt under the DG Marine credit facility is recorded. To the extent that the change in the fair value of the interest rate swaps does not perfectly offset the change in the fair value of our exposure to interest rates, the ineffective portion of the hedge will be immediately recognized

in interest expense in our Consolidated Statements of Operations.

Financial Statement Impacts

The following table summarizes the accounting treatment and classification of our derivative instruments on our Consolidated Financial Statements.

141

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Derivative Instrument	Hedged Risk	Impact of Unrealized Gains and Losses: Consolidated Balance Sheets	Impact of Unrealized Gains and Losses: Consolidated Statements of Operations
Designated as hedges under accounting guidance:			
Crude oil futures contracts (fair value hedge)	Volatility in crude oil prices - effect on market value of inventory	Derivative is recorded in Other Current Assets (offset against margin deposits) and offsetting change in fair value of inventory is recorded in Inventory	Excess, if any, over effective portion of hedge is recorded in Supply and Logistics - Cost of Sales. Effective portion is offset in Cost of Sales against change in value of inventory being hedged
Interest rate swaps (cash flow hedge)	Changes in interest rates	Entire hedge is recorded in Accrued Liabilities or Other Liabilities depending on duration	Expect hedge to fully offset hedged risk; no ineffectiveness recorded. Effective portion is recorded to AOCI and ultimately reclassified to interest expense
Not qualifying or not designated as hedges under accounting guidance:			
Commodity hedges consisting of crude oil, heating oil and natural gas futures and forward contracts and call options	Volatility in crude oil and petroleum products prices - effect on market value of inventory or purchase commitments.	Derivative is recorded in Other Current Assets (offset against margin deposits) or Accrued Liabilities	Supply and Logistics - Cost Entire amount of change in fair value of derivative is recorded in of Sales

Unrealized gains are subtracted from net income and unrealized losses are added to net income in determining cash flows from operating activities. Additionally, the offsetting change in the fair value of inventory that is recorded for

our fair value hedges is also eliminated from net income in determining cash flows from operating activities. Changes in margin deposits necessary to fund unrealized losses also affect cash flows from operating activities.

The following tables reflected the estimated fair value gain (loss) position of our hedge derivatives and related inventory impact for qualifying hedges at December 31, 2009:

142

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Fair Value of Derivative Assets and Liabilities			
	Derivative Assets	Consolidated Balance Sheets Location	Derivative Liabilities	Consolidated Balance Sheets Location
Commodity derivatives - futures and call options:				
Hedges designated under accounting guidance as fair value hedges	$ 53	Other Current Assets	$ (159)(1)	Other Current Assets
Undesignated hedges	307	Other Current Assets	(2,118)(1)	Other Current Assets
Total commodity derivatives	360		(2,277)	
Interest rate swaps designated as cash flow hedges under accounting rules:				
Portion expected to be reclassified into earnings within one year			(1,176)	Accrued Liabilities
Portion expected to be reclassified into earnings after one year			(512)	Other Liabilities
Total derivatives	$ 360		$ (3,965)	

(1) These derivative liabilities have been funded with margin deposits recorded in our Consolidated Balance Sheets in Other Current Assets.

	Year Ended December 31, 2009 Effect on Consolidated Statements of Operations and Other Comprehensive Income (Loss) Amount of Loss Recognized in Income		
	Supply & Logistics - Product Costs	Interest Expense Reclassified from AOCI	Other Comprehensive Income (Loss) Effective Portion
Commodity derivatives - futures and call options:			
Contracts designated as hedges under accounting guidance:	$ (5,321)(1)	$ -	$ -
Contracts not considered hedges under accounting guidance:	(2,446)		
Total commodity derivatives	(7,767)	-	-

Interest rate swaps designated as cash flow hedges under accounting guidance		(784)	(508)
Total derivatives	$(7,767)	$(784)	$ (508)

(1) Represents the amount of loss recognized in income for derivatives related to the fair value hedge of inventory. The amount excludes the gain on the hedged inventory under the fair value hedge of $7.5 million.

143

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During 2009, DG Marine's interest rate hedges fully offset the hedged risk; therefore, there was no ineffectiveness recorded for the hedges.

We expect to reclassify $1.2 million in unrealized losses from AOCI into interest expense during the next 12 months. Because a portion of these losses are based on market prices at the current period end, actual amounts to be reclassified to earnings will differ and could vary materially as a result of changes in market conditions. We have no derivative contracts with credit contingent features.

19. Fair-Value Measurements

The following table sets forth by level within the fair value hierarchy our financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2009 and 2008. As required by fair value accounting guidance, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value requires judgment and may affect the placement of assets and liabilities within the fair value hierarchy levels.

	Fair Value at December 31, 2009			Fair Value at December 31, 2008		
Recurring Fair Value Measures	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Commodity derivatives :						
Assets	$ 360	$ -	$ -	$ 482	$ -	$ -
Liabilities	$ (2,277)	$ -	$ -	$ (970)	$ -	$ -
Interest rate swaps	$ -	$ -	$ (1,688)	$ -	$ -	$ (1,964)

Level 1

Included in Level 1 of the fair value hierarchy as commodity derivative contracts are exchange-traded futures and exchange-traded option contracts. The fair value of these exchange-traded derivative contracts is based on unadjusted quoted prices in active markets and is, therefore, included in Level 1 of the fair value hierarchy.

Level 2

At December 31, 2009 and 2008, we had no Level 2 fair value measurements.

Level 3

Included within Level 3 of the fair value hierarchy are our interest rate swaps. The fair value of our interest rate swaps is based on indicative broker price quotations. These derivatives are included in Level 3 of the fair value hierarchy because broker price quotations used to measure fair value are indicative quotations rather than quotations whereby the broker or dealer is ready and willing to transact. However, the fair value of these Level 3 derivatives is not based upon significant management assumptions or subjective inputs.

The following table provides a reconciliation of changes in fair value of the beginning and ending balances for our derivatives measured at fair value using inputs classified as level 3 in the fair value hierarchy:

	Year Ended December 31,	
	2009	2008
Balance at beginning of period	$ (1,964)	$ -
Realized and unrealized gains (losses)-		
Reclassified into interest expense for settled contracts	784	33
Included in other comprehensive income	(508)	(1,997)
Balance at end of period	$ (1,688)	$ (1,964)
Total amount of losses for the year ended included in earnings attributable to the change in unrealized losses relating to liabilities still held at December 31, 2009 and 2008, respectively	$ (10)	$ (5)

144

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

See Note 18 for additional information on our derivative instruments.

We generally apply fair value techniques on a non-recurring basis associated with (1) valuing the potential impairment loss related to goodwill and (2) valuing potential impairment loss related to long-lived assets.

20. Commitments and Contingencies

Commitments and Guarantees

In 2008, we entered into a new office lease for our corporate headquarters that extends until January 31, 2016. We lease office space for field offices under leases that expire between 2011 and 2013. To transport products, we lease tractors and trailers for our crude oil gathering and marketing activities and lease barges and railcars for our refinery services segment. In addition, we lease tanks and terminals for the storage of crude oil, petroleum products, NaHS and caustic soda. Additionally, we lease a segment of pipeline where under the terms we make payments based on throughput. We have no minimum volumetric or financial requirements remaining on our pipeline lease.

The future minimum rental payments under all non-cancelable operating leases as of December 31, 2009, were as follows (in thousands).

	Office Space	Transportation Equipment	Terminals and Tanks	Total
2010	$861	$ 3,438	$5,256	$9,555
2011	800	2,569	4,345	7,714
2012	768	1,453	4,304	6,525
2013	733	798	1,555	3,086
2014	731	596	1,004	2,331
2015 and thereafter	803	1,937	23,860	26,600
Total minimum lease obligations	$4,696	$ 10,791	$40,324	$55,811

Total operating lease expense was as follows (in thousands).

Year ended December 31, 2009	$12,023
Year ended December 31, 2008	$8,757
Year ended December 31, 2007	$6,079

We have guaranteed the payments by our subsidiary partnership to the banks under the terms of our credit facility related to borrowings and letters of credit. To the extent liabilities exist under the letters of credit, such liabilities are included in the Consolidated Balance Sheet. Borrowings at December 31, 2009 were $320.0 million and are reflected in the Consolidated Balance Sheet. We have also guaranteed the payments by our operating partnership under the terms of our operating leases of tractors and trailers. Such obligations are included in future minimum rental payments in the table above.

We guarantee $7.5 million of the outstanding debt of DG Marine under its credit facility. The outstanding debt of DG Marine in included in our Consolidated Balance Sheets. We believe the likelihood we would be required to perform or otherwise incur any significant losses associated with this guaranty is remote.

We guaranteed $1.2 million of residual value related to the leases of trailers. We believe the likelihood we would be required to perform or otherwise incur any significant losses associated with this guaranty is remote.

We guaranty 50% of the obligations of Sandhill under a credit facility with a bank. At December 31, 2009, Sandhill owed $2.65 million; therefore our guarantee was $1.33 million. Sandhill makes principal payments for this obligation totaling $0.6 million per year. We believe the likelihood we would be required to perform or otherwise incur any significant losses associated with this guaranty is remote.

145

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In general, we expect to incur expenditures in the future to comply with increasing levels of regulatory safety standards. While the total amount of increased expenditures cannot be accurately estimated at this time, we expect that our annual expenditures for integrity testing, repairs and improvements under regulations requiring assessment of the integrity of crude oil pipelines to average from $1.0 million to $1.5 million.

We are subject to various environmental laws and regulations. Policies and procedures are in place to monitor compliance and to detect and address any releases of crude oil from our pipelines or other facilities, however no assurance can be made that such environmental releases may not substantially affect our business.

Other Matters

Our facilities and operations may experience damage as a result of an accident or natural disaster. These hazards can cause personal injury or loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage and suspension of operations. We maintain insurance that we consider adequate to cover our operations and properties, in amounts we consider reasonable. Our insurance does not cover every potential risk associated with operating our facilities, including the potential loss of significant revenues. The occurrence of a significant event that is not fully-insured could materially and adversely affect our results of operations. We believe we are adequately insured for public liability and property damage to others and that our coverage is similar to other companies with operations similar to ours. No assurance can be made that we will be able to maintain adequate insurance in the future at premium rates that we consider reasonable.

We are subject to lawsuits in the normal course of business and examination by tax and other regulatory authorities. We do not expect such matters presently pending to have a material adverse effect on our financial position, results of operations or cash flows.

21. Income Taxes

We are not a taxable entity for federal income tax purposes. As such, we do not directly pay federal income taxes. Other than with respect to our corporate subsidiaries and the Texas Margin Tax, our taxable income or loss is includible in the federal income tax returns of each of our partners.

A portion of the operations we acquired in the Davison transactions are owned by wholly-owned corporate subsidiaries that are taxable as corporations. We pay federal and state income taxes on these operations. In May 2006, the State of Texas enacted a law which will require us to pay a tax of 0.5% on our “margin,” as defined in the law, beginning in 2008 based on our 2007 results. The “margin” to which the tax rate is applied generally will be calculated as our revenues (for federal income tax purposes) less the cost of the products sold (for federal income tax purposes), in the State of Texas.

Our income tax provision (benefit) is as follows:

	Year Ended December 31,		
	2009	2008	2007
Current:			
Federal	$ 1,458	$ 2,979	$ 1,665
State	1,442	872	339

Total current income tax expense		2,900		3,851			2,004	
Deferred:								
Federal		168		(3,850	)		(2,432	)
State		12		(363	)		(226	)
Total deferred income tax benefit		180		(4,213	)		(2,658	)
Total income tax expense (benefit)	$	3,080	$	(362	)	$	(654	)

Deferred income taxes relate to temporary differences based on tax laws and statutory rates in effect at the December 31, 2009 balance sheet date. Deferred tax assets and liabilities consist of the following:

146

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	December 31, 2009	December 31, 2008
Deferred tax assets:		
Current:		
Other current assets	$ 279	$ 271
Other	8	97
Total current deferred tax asset	287	368
Net operating loss carryforwards - federal	-	1,415
Net operating loss carryforwards - state	-	128
Total long-term deferred tax asset	-	1,543
Total deferred tax assets	287	1,911
Deferred tax liabilities:		
Current:		
Other	(198)	(3)
Long-term:		
Fixed assets	(8,481)	(9,868)
Intangible assets	(6,686)	(6,937)
Total long-term liability	(15,167)	(16,805)
Total deferred tax liabilities	(15,365)	(16,808)
Total net deferred tax liability	$ (15,078)	$ (14,897)

Our income tax benefit varies from the amount that would result from applying the federal statutory income tax rate to income before income taxes as follows:

	Year Ended December 31, 2009	2008	2007
Income (loss) before income taxes	$ 9,258	$ 25,463	$ (14,205)
Partnership (income) loss not subject to tax	(7,822)	(30,902)	8,894
Income (loss) subject to income taxes	1,436	(5,439)	(5,311)
Tax benefit at federal statutory rate	503	$ (1,904)	$ (1,859)
State income taxes, net of federal benefit	991	357	33
Effects of unrecognized tax benefits, federal and state	1,733	1,431	1,168
Return to provision, federal and state	(224)	(258)	-
Other	77	12	4
Income tax expense (benefit)	$ 3,080	$ (362)	$ (654)
Effective tax rate on income (loss) before income taxes	33 %	-1 %	5 %

The company adopted the provisions in accounting guidance related to uncertain tax positions on January 1, 2007. A reconciliation of the beginning and ending amount of unrecognized tax benefits was as follows:

147

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Balance at January 1, 2008	$864
Additions based on tax positions related to current year	1,735
Balance at December 31, 2008	2,599
Additions based on tax positions related to current year	1,733
Balance at December 31, 2009	$4,332

If the unrecognized tax benefits at December 31, 2009 were recognized, $4.3 million would affect our effective income tax rate. There are no uncertain tax positions as of December 31, 2009 for which it is reasonably possible that the amount of unrecognized tax benefits would significantly decrease during 2010.

22. Quarterly Financial Data (Unaudited)

The table below summarizes our unaudited quarterly financial data for 2009 and 2008.

	2009 Quarters				Total
	First	Second	Third	Fourth	Year
Revenues	$253,493	$342,204	$403,389	$436,274	$1,435,360
Operating income (loss)	$7,021	$7,748	$8,356	$(1,754)	$21,371
Net income attributable to Genesis Energy, L.P.	$5,290	$4,456	$4,299	$(5,982)	$8,063
Net income per common unit - basic	$0.16	$0.13	$0.14	$0.08	$0.51
Net income per common unit - diluted	$0.16	$0.13	$0.14	$0.08	$0.51
Cash distributions per common unit (1)	$0.3300	$0.3375	$0.3450	$0.3525	$1.3650

	2008 Quarters				Total
	First	Second	Third	Fourth	Year
Revenues	$486,185	$640,540	$636,919	$378,040	$2,141,684
Operating income	$1,759	$11,032	$13,381	$11,719	$37,891
Net income attributable to Genesis Energy, L.P.	$1,645	$7,328	$10,763	$6,353	$26,089
Net income per common unit - basic	$0.03	$0.17	$0.25	$0.14	$0.59
Net income per common unit - diluted	$0.03	$0.17	$0.25	$0.14	$0.59
Cash distributions per common unit (1)	$0.2850	$0.3000	$0.3150	$0.3225	$1.2225

(1) Represents cash distributions declared and paid in the applicable period.

23. Subsequent Events

On February 5, 2010, affiliates of Quintana Capital Group, L.P., along with members of the Davison family and members of our senior executive management team, EIV Capital Fund LP, a Delaware limited partnership, and other investors (collectively, the New Owner Group) purchased all of the Class A membership interests in our general partner from Denbury. In connection with the amendment and restatement of our general partner's limited liability agreement, two forms of member interests in our general partner replaced the Class A Member and Class B Member Interests. These new member interests are identified as Series A and Series B units.

All of the Class B membership interests in our general partner held by the three existing Senior Executives (see Note 16) were either (i) converted into Series A units in our general partner or (ii) or redeemed by our general partner on February 5, 2010. The amounts owed under the deferred compensation plan with the Senior Executives was similarly converted or redeemed. In total, the value of the Series A units issued and cash payments made by our general partner to settle its obligations under the Class B membership interests and deferred compensation totaled $14.9 million. This value, when combined with amounts previously paid to the Senior Executives during 2009 related to the Class B Membership Interests, resulted in total non-cash compensation expense of $15.4 million. The difference between the recorded cumulative compensation expense related to these interests through December 31, 2009 of $17.5 million and the total non-cash compensation expense of $15.4 million will be recorded as a reduction of expense in the first quarter of 2010.

148

Table of Contents

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As a result of the change in control of our general partner on February 5, 2010, all outstanding phantom units issued pursuant to our 2007 LTIP vested. As a result of this acceleration of the vesting period, we will record non-cash compensation expense of $0.5 million in the first quarter of 2010. In total, 123,857 phantom units vested. In connection with the departure of one of our Senior Executives in February 2010, we will also record approximately $1.0 million of compensation expense.

Pursuant to restricted unit agreements entered into with our general partner on February 5, 2010, certain members of the senior executive management team of the Company received an aggregate of 767 Series B units in our general partner that vest as follows: (i) 25% vest on the first anniversary of the issuance, (ii) 33 1/3% of the remaining unvested units vest on the second anniversary of the issuance, (iii) 50% of the remaining unvested units vest on the third anniversary of the issuance and (iv) 100% of the remaining unvested units vest on the fourth anniversary of the issuance. Under the terms of the restricted unit agreements, in the event of certain public offerings, a change of control or similar transaction by the Company, the executive's unvested units will become fully vested. In the event of death or disability, the executive's employment date will be deemed extended through to the next anniversary date for vesting purposes. If the executive is terminated for "cause" or he or she leaves without "good reason" (as such terms are defined in the restricted unit agreements), he or she will forfeit all of his or her units, whether vested or unvested. If the executive is terminated without "cause," by death or disability, or by the executive for "good reason," then he or she will forfeit all unvested units and our general partner will have the right to repurchase or redeem any vested units. Subject to the rights of the holders of Series A units to receive distributions up to certain threshold amounts, holders of Series B units, upon vesting, have the right to receive quarterly distributions and certain tax distributions in accordance with the Amended and Restated Limited Liability Company Agreement of the Company.

Table of Contents

Schedule I - Condensed Financial Information

Genesis Energy, L.P. (Parent Company Only)

Condensed Statements of Income and Comprehensive Income

	Years Ended December 31,		
	2009	2008	2007
	(in thousands)		
Equity in earnings (losses) of subsidiaries	$8,063	$26,089	$(13,550)
Net income (loss)	8,063	26,089	(13,550)
Other comprehensive gain (loss) of subsidiary	133	(962)	-
Total comprehensive income (loss)	$8,196	$25,127	$(13,550)

Condensed Balance Sheets

	December 31,	
	2009	2008
	(in thousands)	
Assets		
Cash	$2	$3
Investment in subsidiaries	628,553	665,334
Advances to subsidiaries	92	91
Total Assets	$628,647	$665,428
Partners' Capital		
Limited Partners	$617,629	$649,046
General Partner	11,847	17,344
Accumulated other comprehensive loss	(829)	(962)
Total Partners' Capital	$628,647	$665,428

See accompanying notes to condensed financial statements.

150

Table of Contents

Schedule I - Condensed Financial Information - Continued

Genesis Energy, L.P. (Parent Company Only)

Condensed Statements of Cash Flows

	Years Ended December 31,		
	2009	2008	2007
		(in thousands)	
Cash Flows from Operating Activities:			
Net income (loss)	$8,063	$26,089	$(13,550)
Equity in losses (earnings) of GCO	9,395	(15,773)	13,550
Equity in (earnings) losses of GNEJD	(17,458)	(10,316)	-
Change in advances to GCO	(1)	(7)	4
Net cash (used in) provided by operating activities	(1)	(7)	4
Cash Flows from Investing Activities:			
Investment in GCO	(9)	(511)	(216,172)
Distributions from GCO - return of investment	60,080	50,534	17,175
Net cash provided by (used in) investing activities	60,071	50,023	(198,997)
Cash Flows from Financing Activities:			
Issuance of limited and general partner interests, net	9	511	216,172
Distributions to limited and general partners	(60,080)	(50,534)	(17,175)
Net cash (used in) provided by financing activities	(60,071)	(50,023)	198,997
Net (decrease) increase in cash	(1)	(7)	4
Cash at beginning of period	3	10	6
Cash at end of period	$2	$3	$10

See accompanying notes to condensed financial statements.

Table of Contents

Schedule I – Condensed Financial Statements – Continued

Genesis Energy, L.P. (Parent Company Only)

Notes to Condensed Financial Statements

1. Basis of Presentation

Genesis Energy, L.P., or GEL, is the owner of 99.99% of Genesis Crude Oil, L.P., or GCO and 100% of Genesis NEJD Holdings, LLC, or GNEJD. These parent company only financial statements for GEL summarize the results of operations and cash flows for the years ended December 31, 2009, 2008 and 2007, and GEL's financial position at December 31, 2009 and 2008. In these statements, GEL's investments in GCO and GNEJD are stated on the equity method basis of accounting. The GEL statements should be read in conjunction with the Consolidated Financial Statements of Genesis Energy, L.P.

As discussed in Note 11 of the Notes to the Consolidated Financial Statements, the terms of the credit facility with GCO, limit the amount of distributions that GCO and its subsidiaries may pay to GEL. Such distributions may not exceed the sum of the distributable cash generated by GCO and its subsidiaries for the eight most recent quarters, less the sum of the distributions made with respect to those quarters. This restriction results in the restricted net assets (as defined in Rule 4-08 (e)(3) of Regulation S-X) of GEL's subsidiary exceeding 25% of the consolidated net assets of GEL and its subsidiaries.

2. Contingencies

GEL guarantees the obligations of GCO under our credit facility. See Note 11 of the Notes to the Consolidated Financial Statements of Genesis Energy, L.P. for a description of GCO's credit facility.

GEL guarantees the obligations of GCO under our lease with Paccar Leasing Services. See Note 20 of the Notes to the Consolidated Financial Statements of Genesis Energy, L.P.

GEL has guaranteed crude oil and petroleum products purchases of GCO and its subsidiaries. These guarantees, totaling $43.0 million, were provided to counterparties. To the extent liabilities exist under the contracts subject to these guarantees, such liabilities are included in the Consolidated Financial Statements of Genesis Energy, L.P.

GEL has guaranteed $7.5 million of the outstanding debt of DG Marine under its credit facility.

3. Supplemental Cash Flow Information

In May 2008, additional limited partner interests in GCO with a value of $25 million were issued to GEL. GEL issued common units with an equal value as part of the consideration in acquisition of the Free State Pipeline from Denbury. In July 2008, additional limited partner interests in GCO with a value of $16.7 million were issued to GEL. GEL issued common units with an equal value as part of the consideration in the Grifco acquisition. These transactions are non-cash transactions and are not included in the Statements of Cash Flows in investing or financing activities.