GENESIS ENERGY LP
Form 424B5
July 18, 2011
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Filed Pursuant to Rule 424(b)(5)
Registration Nos. 333-167189 and 333-173337

PROSPECTUS SUPPLEMENT

(to Prospectus dated August 6, 2010 and Prospectus dated April 25, 2011)

8,500,000 Common Units

Genesis Energy, L.P.

Common Units Representing Limited Partner Interests

We are offering 7,350,000 common units representing limited partner interests of Genesis Energy, L.P., and Quintana Energy Partners II, L.P., a Cayman Islands limited partnership (QEP II), QEP II Genesis TE Holdco, LP, a Delaware limited partnership (QEP Genesis), and EIV Capital Fund LP, a Delaware limited partnership (EIV and together with QEP II and QEP Genesis, the selling unitholders), are collectively offering 1,150,000 common units representing limited partner interests of Genesis Energy, L.P. Unless the context otherwise requires, references to common units in this prospectus supplement refer to the Common Units Class A under our partnership agreement. We will not receive any of the proceeds from the common units sold by the selling unitholders.

Our common units are traded on the New York Stock Exchange under the symbol GEL. The last reported sale price of our common units on the New York Stock Exchange on July 13, 2011 was $27.00 per common unit.

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

	Initial price to public	Underwriting discounts and commissions	Proceeds, before expenses, to Genesis Energy, L.P.	Proceeds to selling unitholders
Per Common Unit	$ 26.30	$ 1.07	$ 25.23	$ 25.23
Total	$ 223,550,000	$ 9,095,000	$ 185,440,500	$ 29,014,500

The underwriters may also purchase up to an additional 1,275,000 common units, including 850,000 from us and 425,000 collectively from the selling unitholders, at the public offering price, less underwriting discounts and commissions, to cover over-allotments, if any, within 30 days from the date of this prospectus supplement.

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

The underwriters expect to deliver the common units to purchasers on or about July 20, 2011.

Joint Book-Running Managers

Wells Fargo Securities **BofA Merrill Lynch**
Citi **Deutsche Bank Securities** **RBC Capital Markets** **UBS Investment Bank**

Co-Managers

Baird **Morgan Keegan**
Madison Williams and Company **BMO Capital Markets** **Janney Montgomery Scott**

The date of this prospectus supplement is July 15, 2011

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PROSPECTUS SUPPLEMENT

PRIMARY OFFERING PROSPECTUS DATED AUGUST 6, 2010

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SECONDARY OFFERING PROSPECTUS DATED APRIL 25, 2011

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You should rely only on the information contained in or incorporated by reference into this prospectus supplement, the accompanying prospectuses and any free writing prospectus prepared by or on behalf of us relating to this offering of common units. None of Genesis Energy, L.P., the selling unitholders or the underwriters have authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We and the selling unitholders are offering to sell the common units, and seeking offers to buy the common units, only in jurisdictions where offers and sales are permitted. You should not assume that the information contained in this prospectus supplement, the accompanying prospectuses or any free writing prospectus is accurate as of any date other than the dates shown in these documents or that any information we have incorporated by reference herein is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

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

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of common units. The second part is (i) the base prospectus dated August 6, 2010 (the primary base prospectus) and (ii) the base prospectus dated April 25, 2011 (the secondary base prospectus), which give more general information, some of which may not apply to this offering of common units. Generally, when we refer only to the prospectus, we are referring to all parts combined. If the information about the common unit offering varies between this prospectus supplement and the accompanying prospectuses, you should rely on the information in this prospectus supplement.

Any statement made in this prospectus or in a document incorporated or deemed to be incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated by reference into this prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus. Please read Where You Can Find More Information on page S-34 of this prospectus supplement.

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SUMMARY

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

Unless the context otherwise requires, references in this prospectus supplement to Genesis Energy, L.P., Genesis, we, our, us or like terms refer to Genesis Energy, L.P. and its operating subsidiaries; our general partner refers to Genesis Energy, LLC, the general partner of Genesis; CO_2 *means carbon dioxide; and NaHS, which is commonly pronounced as nash, means sodium hydrosulfide.*

Our Company

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

We conduct our operations through subsidiaries and joint ventures. We manage our businesses through three divisions that constitute our reportable segments:

Pipeline Transportation

We transport crude oil and CO_2 for others for a fee in the Gulf Coast region of the U.S. through approximately 930 miles of pipeline. Our Pipeline Transportation segment owns and operates three onshore crude oil common carrier pipelines and two CO_2 pipelines. In addition, we own a 50% interest in Cameron Highway Offshore Pipeline Company, or Cameron Highway, which operates a large, proprietary crude oil pipeline system in the Gulf of Mexico. Our 235-mile Mississippi System provides shippers of crude oil in Mississippi indirect access to refineries, pipelines, storage terminals and other crude oil infrastructure located in the Midwest. Our 100-mile Jay System originates in southern Alabama and the panhandle of Florida and provides crude oil shippers access to refineries, pipelines and storage near Mobile, Alabama. Approximately 35 miles of gathering pipelines bring crude oil to the Jay System. Our 90-mile Texas System transports crude oil from West Columbia to several delivery points near Houston. Our crude oil pipeline systems include access to a total of approximately 0.7 million barrels of crude oil storage. Cameron Highway, a joint venture with Enterprise Products Partners, L.P., owns and operates the largest (measured by both length and capacity) crude oil pipeline system in the Gulf of Mexico, a region that accounted for approximately 30%, 29% and 23% of U.S. oil produced during 2010, 2009 and 2008, respectively. The Cameron Highway pipeline system is a 380-mile 24- and 30-inch diameter pipeline constructed in 2004, with capacity to deliver up to 500,000 barrels per day of crude oil from developments in the Gulf of Mexico to major refining markets along the Texas Gulf Coast located in Port Arthur and Texas City.

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

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

Refinery Services

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

Supply and Logistics

We provide supply and logistics services primarily to Gulf Coast oil and gas producers and refineries through a combination of purchasing, transporting, storing, blending and marketing of crude oil and refined products, primarily fuel oil. In connection with these services, we utilize our portfolio of logistical assets consisting of trucks, terminals, pipelines and barges. We have access to a suite of more than 250 trucks, 280 trailers and 1.5 million barrels of terminal storage capacity in multiple locations along the Gulf Coast as well as capacity associated with our three common carrier crude oil pipelines. In addition, our wholly-owned marine transportation subsidiary, DG Marine Transportation, LLC, provides us with access to twenty barges which, in the aggregate, include approximately 660,000 barrels of refined product transportation capacity. Usually, our supply and logistics segment experiences limited commodity price risk because it utilizes back-to-back purchases and sales, matching sale and purchase volumes on a monthly basis. Unsold volumes are hedged with NYMEX derivatives to offset the remaining price risk.

On a smaller scale, we also provide CO_2 and certain other industrial gases and related services to industrial and commercial enterprises. We (i) supply CO_2 to industrial customers under long-term contracts, with an average remaining contract life of six years, and (ii) manufacture and sell syngas (a combination of carbon monoxide and hydrogen) through a small joint venture. Our compensation for supplying CO_2 to our industrial customers is the effective difference between the price at which we sell our CO_2 under each contract and the price at which we acquired our CO_2 pursuant to our volumetric production payments (also known as VPPs), minus transportation costs.

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Our Objectives and Strategies

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

Business Strategy

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

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

Financial Strategy

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

- Increase the relative contribution of recurring and throughput-based revenues, emphasizing longer-term contractual arrangements;
- Prudently manage our limited commodity price risks;
- Maintain a sound, disciplined capital structure; and
- Create strategic arrangements and share capital costs and risks through joint ventures and strategic alliances.

Our Competitive Strengths

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

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

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Through our NaHS sales, we have indirect exposure to fast-growing, developing economies outside of the U.S. We sell NaHS a by-product of our refinery services process to the mining and pulp and paper industries. Copper and other mined materials as well as paper products are sold in the global market.

We have lower commodity price risk exposure. The volumes of crude oil, refined products or intermediate feedstocks that we purchase are either subject to back-to-back sales contracts or are hedged with NYMEX derivatives to limit our exposure to movements in the price of the commodity. Our risk management policy requires that we monitor the effectiveness of the hedges to maintain a value at risk of such hedged inventory that does not exceed $2.5 million. In addition, our service contracts with refiners allow us to adjust our processing rates to maintain a balance between NaHS supply and demand.

Our businesses provide consistent consolidated financial performance. During the adverse economic environment that began in the third quarter of 2008 and continued until early 2010, our businesses provided consistent performance that, when combined with our conservative capital structure, allowed us to increase our distribution for twenty-four consecutive quarters as of our most recent distribution declaration.

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

We believe we are one of the largest marketers of NaHS in North and South America. The scale of our well-established refinery services operations as well as our integrated suite of assets provides us with a unique cost advantage over some of our existing and potential competitors.

Our expertise and reputation for high performance standards and quality enable us to provide refiners with economic and proven services. Our extensive understanding of the sulfur removal process and refinery services market can provide us with an advantage when evaluating new opportunities and/or markets.

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

We are financially flexible and have significant liquidity. As of March 31, 2011, we had $130.5 million available under our $525.0 million credit agreement, including up to $29.0 million of which could be designated as a loan under the $75 million petroleum products inventory loan sublimit, and $95.0 million of which could be used for letters of credit. Our inventory borrowing base was $46.0 million at March 31, 2011.

We have an experienced, knowledgeable and motivated executive management team with a proven track record. Our executive management team has an average of more than 25 years of experience in the midstream sector. Its members have worked in leadership roles at a number of large, successful public companies, including other publicly-traded partnerships. Through their equity interest in us, our senior executive management team is incentivized to create value by increasing cash flows.

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Recent Events

$160 Million Expansion of Supply and Logistics Infrastructure to Increase Service Capacity and Area, Particularly for the Prolific Eagle Ford Shale Production

We continue to expand our ability to provide services for the Eagle Ford Shale and conventional oil produced in (and transported to) the Gulf Coast region by enhancing our capability to provide producers and marketers with multi-dimensional access via pipelines, trucks and barges to local refineries as well as to facilitate their access to other refining markets.

In June 2011, GEL Marine, LLC, our wholly owned subsidiary, entered into a definitive agreement to acquire for approximately $142.0 million in cash the black oil barge transportation business of Florida Marine Transporters, Inc. and its affiliates (the FMT Acquisition). That business is primarily comprised of 30 barges (seven of which will be subleased under terms similar to an existing FMT lease) and 14 push/tug boats that transport heavy refined petroleum products, primarily serving refineries and storage terminals along the Gulf Coast, Intracoastal Canal and western river systems of the United States, including the Red, Ouachita and Mississippi Rivers. Those barges, with an average age of approximately three years, are double-hulled and fully compliant with the requirements of the Oil Pollution Act. The related boats are modern and efficient 13 have been in service three years or less. That acquisition complements and further integrates certain of our existing operations, including our DG Marine inland barge business (comprised of 20 barges and 10 push/tug boats), our storage and blending terminals and our crude oil pipeline systems. All of our expanded fleet of 50 barges are capable of transporting heavy refined products, including asphalt, and with minor modifications, half of our barges will be capable of transporting crude oil as well. The transaction is structured to provide uninterrupted service to existing FMT black oil customers utilizing current FMT personnel. Our consummation of the FMT Acquisition, which we currently expect to close in the third quarter of 2011, is subject to the satisfaction or waiver of customary conditions, including receiving all applicable governmental approvals and third party consents. The purchase price is subject to customary adjustments.

In April 2011, we entered into several agreements (and commenced work) to expand our crude oil pipeline and terminaling capabilities in the upper Texas coast. We (i) acquired three above-ground storage tanks, located in Texas City, Texas, representing aggregate capacity of approximately 230,000 barrels that we will refurbish and convert into crude oil capable tanks, (ii) ac