GENESIS ENERGY LP
Form 424B4
March 17, 2010
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Registration Nos. 333-164483 and 333-150239

PROSPECTUS SUPPLEMENT

(TO PROSPECTUS DATED MARCH 12, 2010 AND PROSPECTUS DATED APRIL 29, 2008)

6,250,000 Common Units

Genesis Energy, L.P.

Common Units Representing Limited Partner Interests

Denbury Onshore, LLC (Denbury Onshore) and Denbury Gathering & Marketing, Inc. (DGM), each an affiliate of Denbury Resources Inc. (Denbury), and James E. Davison, one of the directors of our general partner, and two other members of the Davison family (collectively, the Davison Unitholders) are selling 6,250,000 common units representing limited partner interests in Genesis Energy, L.P.

Investing in our common units involves risks. See Risk factors beginning on page S-9 of this prospectus supplement and page T-1 and U-4 of the accompanying prospectuses.

	Per Share	Total
Initial Price to Public	$ 20.50	$ 128,125,000
Underwriting discounts and commissions	$ 0.87	$ 5,437,500
Proceeds, before expenses, to the selling unitholders(1)	$ 19.63	$ 122,687,500

(1) If the underwriters exercise their option to purchase additional common units as described above, total proceeds to the selling unitholders will be $141,090,625.

Additionally, the Davison Unitholders have granted the underwriters a 30-day option to purchase up to an additional 937,500 common units on the same terms and conditions as set forth below if the underwriters sell more than 6,250,000 common units in this offering.

We will not receive any proceeds from the sale of our common units by the selling unitholders in this offering.

Our common units are traded on the NYSE Amex LLC under the symbol GEL. The last reported sales price of our common units on the NYSE Amex LLC on March 15, 2010 was $21.63 per common unit.

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 March 19, 2010.

Joint Book-Running Managers

Wells Fargo Securities

BofA Merrill Lynch

UBS Investment Bank

RBC Capital Markets

Co-Managers

Deutsche Bank Securities

Morgan Keegan & Company, Inc.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering of common units by the selling unitholders. The second part is (i) the base prospectus dated March 12, 2010 (the Denbury base prospectus) and (ii) the base prospectus dated April 29, 2008 (the Davison base prospectus), which give more general information, some of which may not apply to this offering. You should not assume that the information provided by this prospectus supplement or the accompanying base prospectuses, as well as information we previously filed with the Securities and Exchange Commission that is incorporated by reference herein, is accurate as of any date other than its respective date. Our business, financial condition, results of operations and prospects may have changed since those dates. Generally, when we refer only to the prospectus, we are referring to the two parts combined. If information varies between the prospectus supplement and the accompanying base prospectuses, you should rely on the information in this prospectus supplement.

You should rely only on the information in this prospectus, the accompanying base prospectuses and the documents we have incorporated by reference. We, the selling unitholders, and the underwriters have not authorized any other person to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. We and the selling unitholders are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted.

None of Genesis Energy, L.P., the selling unitholders or 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 with your own advisors as to legal, tax, business, financial and related aspects of an investment in the common units.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights some basic information from this prospectus supplement and the accompanying base prospectuses. It does not contain all the information that is important to you. You should read carefully the entire prospectus supplement, the accompanying base prospectuses and the other documents incorporated by reference to understand fully the terms of this offering, as well as the tax and other considerations that are important in making your investment decision.

Unless the context otherwise requires, references in this prospectus 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; Quintana refers to Quintana Capital Group II, L.P. and its affiliates; Davison Unitholders refers to, collectively, James E. Davison, Steven K. Davison and Todd A. Davison; Denbury refers to Denbury Resources Inc.; Denbury Onshore refers to Denbury Onshore, LLC; DG Marine refers to DG Marine Transportation, LLC and its subsidiaries; DGM refers to Denbury Gathering & Marketing, Inc.; selling unitholders refers collectively to Denbury Onshore, DGM and the Davison Unitholders; CO_2 means carbon dioxide; and NaHS, which is commonly pronounced as nash, means sodium hydrosulfide. Except as the context otherwise indicates, the information in this prospectus supplement assumes no exercise of the underwriters option to purchase additional units.

Genesis Energy, L.P.

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

We conduct our operations through subsidiaries and joint ventures. As is common with MLPs, our general partner is responsible for operating our business, including providing all necessary personnel and other resources. We manage our businesses through four divisions that constitute our reportable segments:

Pipeline Transportation

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

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

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

Refinery Services

We primarily (i) provide services to eight refining operations located predominantly in Texas, Louisiana and Arkansas; (ii) operate significant storage and transportation assets in relation to our business and (iii) sell NaHS and caustic soda to large industrial and commercial companies. Our refinery services primarily involve processing refiner s 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 and Ergon. We believe we are one of the largest marketers of NaHS in North and South America.

Supply and Logistics

We provide services primarily to Gulf Coast oil and gas producers and refineries through a combination of purchasing, transporting, storing, blending and marketing crude oil and refined products, primarily fuel oil. In connection with these services, we utilize our portfolio of logistical assets consisting of trucks, terminals, pipelines and barges. We have access to a suite of more than 270 trucks, 270 trailers and 1.6 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 ownership interest in DG Marine 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 involves back-to-back purchases and sales, matching our sale and purchase volumes on a monthly basis. Unsold volumes are hedged with NYMEX derivatives to offset the remaining price risk.

Industrial Gases

We provide CO_2 and certain other industrial gases and related services to industrial and commercial enterprises.

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

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Our Relationship with Quintana Capital Group and the Davison Family

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

Quintana is an energy-focused private-equity firm headquartered in Houston, Texas. Through its affiliated investment funds, Quintana, which has offices in Houston, Dallas and Midland, Texas and Beijing, China, currently manages approximately $900 million in capital for various U.S. and international investors. Quintana focuses on control-oriented investments across a wide range of sectors in the energy industry, developing a portfolio that is diversified across the energy value chain. Quintana is managed by highly experienced investors, including Corbin J. Robertson, Jr. and former Secretary of Commerce Donald L. Evans.

Members of the Davison family have invested in us since 2007. In addition to their investment in our general partner, members of the Davison family own approximately 30% of our common units and 51% of DG Marine, our inland marine transportation joint venture.

Prior to Quintana s investment in us, Denbury controlled our general partner. Denbury and its affiliates retained ownership of 10.2% of our outstanding common units after the sale to Quintana.

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 strategies:

Business Strategy

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

- Maintaining a balanced and diversified portfolio of assets to service our customers;
- Optimizing our existing assets and creating synergies through additional commercial and operating advancement;
- Enhancing and offering additional types of services to customers in our supply and logistics segment;
- Expanding the geographic reach of our refinery services and supply and logistics segments; and
- Broadening our asset base through strategic organic development projects as well as acquisitions.

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:

- Maintain a prudent capital structure that will allow us to execute our growth strategy;

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Enhance our credit metrics and gain access to additional liquidity;

Increase cash flows generated through fee-based services, emphasizing longer-term contractual arrangements and managing commodity price risks; 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 four business segments and own and operate assets which enable us to provide a number of services to refinery owners; oil, natural gas and CO_2 producers; industrial and commercial enterprises that use NaHS and caustic soda; and businesses which use CO_2 and other industrial gases. Our business lines complement each other as they allow us to offer an integrated suite of services to common customers across segments.

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

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

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

We are financially flexible and have significant liquidity. As of December 31, 2009, we had $320 million of loans and $5.2 million in letters of credit outstanding under our $500 million credit facility. Our borrowing base was $407 million at December 31, 2009.

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

Recent Events

Association with Quintana Capital Group

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

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Eighteen Consecutive Distribution Rate Increases

We have increased our quarterly distribution rate for eighteen consecutive quarters. On February 12, 2010, we paid a cash distribution of $0.36 per unit to unitholders of record as of February 5, 2010, an increase per unit of $0.0075 (or 2.1%) from the distribution in the prior quarter, and an increase of 9.1% from the distribution in February 2009. As in the past, future increases (if any) in our quarterly distribution rate will be dependent on our ability to execute critical components of our business strategy.

Our Offices

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

Ownership Structure

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

Genesis Energy, LLC is a holding company with employees, but with no independent assets or operations other than its general partner interest in us and several of our subsidiaries. Our general partner is dependent upon the cash distributions it receives from us to service any obligations it may incur. Our general partner is controlled by Quintana, members of the Davison family and our senior executive management team. After giving effect to the sale by the selling unitholders of their common units in this offering:

- Public unitholders will own 30,013,918 common units, representing 75.8% of our outstanding limited partner interests, or 30,951,418 common units, representing 78.2% of our outstanding limited partner interests if the underwriters exercise their option to purchase additional common units.

- The Davison family will own 9,571,774 common units, representing 24.2% of our outstanding limited partner interests, or 8,634,274 common units, representing 21.8% of our outstanding limited partner interests if the underwriters exercise their option to purchase additional common units.

- Our general partner will own all of our 2.0% general partnership interest and our incentive distribution rights.

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Below is a chart depicting our ownership structure after giving effect to this offering and the exercise of the underwriters option to purchase additional common units.

(1) If the underwriters in this offering do not exercise their option to purchase additional common units, the public unitholders will hold 30,013,918 common units, or 75.8% of our limited partner interests, and the members of the Davison family will hold 9,571,774 common units, or 24.2% of our limited partner interests.

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THE OFFERING

Common units offered by selling unitholders	6,250,000 common units offered by Denbury Onshore, DGM and the Davison Unitholders and 937,500 common units offered by the Davison Unitholders if (and to the extent) the underwriters exercise their option to purchase additional common units.
Common units outstanding after this offering	39,585,692 common units if the option to purchase additional common units is not exercised.
	39,585,692 common units if the option to purchase additional common units is exercised.
Use of proceeds	We will not receive any proceeds from this offering.
Cash distributions	Within approximately 45 days after the end of each quarter, we will distribute all available cash to unitholders of record on the applicable record date. However, there is no guarantee that we will pay a distribution on the common units in any quarter, and we will be prohibited from making any distributions to unitholders if it would cause an event of default, or if an event of default then exists, under our credit facility. See Cash Distribution Policy in the accompanying base prospectuses for a discussion of our cash distributions.
Incentive distributions	Our general partner is entitled to receive incentive distributions if the amount we distribute with respect to any quarter exceeds levels specified in our partnership agreement. Under the quarterly incentive distribution provisions, the general partner is entitled to receive 13.3% of any distributions in excess of $0.25 per unit, 23.5% of any distributions in excess of $0.28 per unit, and 49% of any distributions in excess of $0.33 per unit, without duplication. See Cash Distribution Policy Incentive Distribution Rights in the accompanying base prospectuses.
Risk factors	An investment in our common units involves risk. See Risk factors beginning on page S-9 of this prospectus supplement and page T-1 and U-4 of the accompanying base prospectuses and the materials incorporated by reference for a more detailed discussion of additional factors that you should consider before purchasing our common units.
Estimated ratio of taxable income to distributions	We estimate that if you own the common units you purchase in this offering through the record date for the distribution with respect to the final calendar quarter of 2012, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that will be 20% or less of the cash distributed to you with respect to that period. Please read Material Tax Considerations on page S-12 for the basis of this estimate.

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Material income tax consequences	For a discussion of other material federal income tax considerations that may be relevant to prospective unitholders who are individual citizens or residents of the U.S., please read Material Income Tax Consequences in the accompanying Denbury base prospectus and Material Tax Consequences in the accompanying Davison base prospectus.
NYSE Amex symbol	GEL

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RISK FACTORS

An investment in our common units involves risks. You should carefully consider the discussion of risks set forth under the caption Risk Factors beginning on page T-1 and U-4 of the accompanying base prospectuses and other information included in, or incorporated by reference into this prospectus supplement in evaluating an investment in our common units. If any of the described risks were to occur, our business, financial condition or results of operations could be adversely affected, the trading price of our common units could decline and you could lose all or part of your investment.

USE OF PROCEEDS

We will not receive any proceeds from the sale of our common units by the selling unitholders in this offering.

SELLING UNITHOLDERS

The following table sets forth information concerning the ownership of our common units by the selling unitholders. As of March 12, 2010, there were 39,585,692 common units outstanding. The percentages indicated below represent the selling unitholders ownership of our common units and the number of common units assumes the underwriters exercise their option to purchase additional common units.

	Common units owned immediately before this offering			Common units owned immediately after this offering	
Name of selling unitholder	**Common units**	**Percent**	**Common units to be offered**	**Common units**	**Percent**
Denbury Onshore, LLC (1)	1,199,041	3.0%	1,199,041		%
Denbury Gathering & Marketing, Inc.(2)	2,829,055	7.2	2,829,055		
James E. Davison(3)	2,881,338	7.3	1,053,134	1,828,204	4.6
Steven K. Davison(4)	2,875,537	7.3	1,053,135	1,822,402	4.6
Todd A. Davison(5)	2,876,236	7.3	1,053,135	1,823,101	4.6

(1) Denbury Onshore, LLC, a Delaware limited liability company, is a wholly-owned subsidiary of Denbury.

(2) Denbury Gathering & Marketing, Inc., a Delaware corporation, is a wholly-owned subsidiary of Denbury. Denbury Gathering & Marketing, Inc. is the former owner of our general partner.

(3) Includes 1,010,835 common units held of record by Terminal Services, Inc., which is 100% owned by James E. Davison. Mr. Davison owns a six percent interest in our general partner.

(4) Steven K. Davison owns a six percent interest in our general partner. Mr. Davison provides services to us in our supply and logistics division.

(5) Todd A. Davison owns a six percent interest in our general partner. Mr. Davison provides services to us in our supply and logistics division.

The selling unitholders may be deemed to be an underwriter within the meaning of the Securities Act of 1933, as amended, or the Securities Act. If any selling unitholder is deemed to be an underwriter, such selling unitholder may be subject to certain statutory liabilities under the Securities Act and the Securities Exchange Act of 1934, as amended, or the Exchange Act. In addition, in making offers and sales pursuant to this prospectus supplement and the accompanying base prospectuses, such selling unitholder may be deemed to be making such offers and sales directly on behalf of us.

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For more information about our relationship with the selling unitholders, please read our Annual Report on Form 10-K for the year ended December 31, 2009, which is incorporated by reference into this prospectus.

PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS

We are required by our partnership agreement to distribute 100% of our available cash within 45 days after the end of each quarter to our 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. Cash reserves are the amounts deemed necessary or appropriate, in the reasonable discretion of our general partner, to provide for the proper conduct of our business or to comply with applicable law, any of our debt instruments or other agreements. The full definition of available cash is set forth in our partnership agreement and amendments thereto. See *Where you can find more information.*

Our general partner is entitled to receive incentive distributions if the amount we distribute with respect to any quarter exceeds levels specified in our partnership agreement. Under the quarterly incentive distribution provisions, the general partner is entitled to receive 13.3% of any distributions in excess of $0.25 per unit, 23.5% of any distributions in excess of $0.28 per unit, and 49% of any distributions in excess of $0.33 per unit, without duplication. The likelihood and timing of the payment of any incentive distributions will depend on our ability to increase the cash flow from our existing operations and to make cash flow accretive acquisitions. In addition, our partnership agreement authorizes us to issue additional equity interests in our partnership with such rights, powers and preferences (which may be senior to our common units) as our general partner may determine in its sole discretion, including with respect to the right to share in distributions and profits and losses of the partnership.

As of March 12, 2010, there were 39,585,692 common units outstanding, held by approximately 20,100 record holders and beneficial owners (held in street name), including those held by the selling unitholders. The common units are traded on the NYSE Amex under the symbol GEL. The following table sets forth the high and low sales prices for the common units in each quarter, as reported by the NYSE Amex LLC, and the declared cash distributions for the common units in each quarter. The last reported sales price of common units on the NYSE Amex LLC on March 15, 2010 was $21.63 per unit. On February 12, 2010, we paid a cash distribution of $0.36 per unit to unitholders of record as of February 5, 2010 for the quarter ended December 31, 2009. That distribution represents a 2% increase from our distribution of $0.353 per unit for the third quarter of 2009, which was paid in the fourth quarter of 2009.

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	Price range per common unit		Cash distributions per common unit(1)
	High	Low	
Fiscal Year Ending December 31, 2010			
First Quarter(2)	$ 21.67	$ 17.94	$ 0.360
Fiscal Year Ending December 31, 2009			
Fourth Quarter	$ 19.95	$ 15.10	$ 0.353
Third Quarter	16.89	12.01	0.345
Second Quarter	13.92	9.82	0.338
First Quarter	12.60	7.57	0.330
Fiscal Year Ended December 31, 2008			
Fourth Quarter	$ 16.00	$ 6.42	$ 0.323
Third Quarter	19.85	11.75	0.315
Second Quarter	22.09	17.02	0.300