

GENESIS ENERGY LP
Form 424B3
January 24, 2012
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Registration Nos. 333-173337 and 333-150239

The information in this prospectus supplement and the accompanying prospectuses is not complete and may be changed. This prospectus supplement and the accompanying prospectuses are not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any state where the offer or sale is not permitted.

Subject to Completion, dated January 23, 2012

PROSPECTUS SUPPLEMENT

(To Prospectuses dated April 25, 2011 and May 2, 2008)

Genesis Energy, L.P.

2,250,000 Common Units

Representing Limited Partner Interests

Quintana Energy Partners II, L.P., QEP II Genesis TE Holdco, LP, EIV Capital Fund LP, Steven K. Davison and Todd A. Davison (collectively, the selling unitholders) are selling 2,250,000 common units representing limited partner interests in Genesis Energy, L.P. We will not receive any proceeds from the sale of the common units held by the selling unitholders.

Our common units trade on the New York Stock Exchange under the symbol GEL. The last reported trading price of our common units on January 20, 2012 was \$29.05.

Investing in our common units involves risks. Read Risk Factors beginning on page S-9 of this prospectus supplement and beginning on pages T-2 and U-4 of the accompanying prospectuses.

	Per Common Unit	Total
Price to the public	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds to the selling unitholders (before expenses)	\$	\$

The selling unitholders have granted to the underwriters the option to purchase 337,500 additional common units on the same terms and conditions set forth above if the underwriters sell more than 2,250,000 common units in this offering.

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.

Barclays Capital, on behalf of the underwriters, expects to deliver the common units on or about January , 2012.

Sole Book-Running Manager

Barclays Capital

Co-Manager

Stifel Nicolaus Weisel

Prospectus Supplement dated January , 2012.

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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. 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.

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 April 25, 2011 and (ii) the base prospectus dated May 2, 2008, which gives more general information, some of which may not apply to this offering of common units. Generally, when we refer only to the prospectus, we are referring to 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-32 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-9 of this prospectus supplement and beginning on pages T-2 and U-4 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; CO₂ 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 producers, refineries, and industrial and commercial enterprises that use NaHS and caustic soda. Our business activities are primarily focused on providing services around and within refinery complexes. Upstream of the refineries, we provide gathering and transportation of crude oil. Within the refineries, we provide services to assist in their sulfur balancing requirements. Downstream of refineries, we provide transportation services as well as market outlets for their finished refined products. 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 and own our operating assets through subsidiaries and joint ventures. Our general partner, which is also a wholly owned subsidiary, has sole responsibility for conducting our business and managing our operations. Our general partner has a non-economic general partner interest in us.

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

Pipeline Transportation

We own interests in approximately 1,500 miles of crude oil pipelines located in the Gulf Coast region of the United States. We also own two CO₂ pipelines. Our pipelines generate cash flows from fees charged to customers or substantially similar arrangements that otherwise limit our exposure to changes in commodity prices.

We own interests in three onshore crude oil pipeline systems, with approximately 460 miles of pipe, located primarily in Alabama, Florida, Mississippi and Texas. We also own interests in various offshore crude oil pipeline systems, with approximately 1,050 miles of pipe and an aggregate design capacity of approximately 1.4 million barrels per day, located offshore in the Gulf of Mexico. By way of example, we own interests in the

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Poseidon pipeline system (28%) and the Cameron Highway pipeline system (or CHOPS) (50%). We acquired our interest in Poseidon, along with certain other pipeline interests, on January 3, 2012. Please read [Recent Developments Acquisition of Interests in Crude Oil Pipeline Systems in the Gulf of Mexico](#).

We own interests in two CO₂ pipelines with approximately 270 miles of pipe. We have leased our NEJD Pipeline, comprised of 183 miles of pipe, to an affiliate of a large, independent oil company through 2028. That company also has the exclusive right to use our Free State Pipeline, comprised of 86 miles of pipe, pursuant to a transportation agreement that expires in 2028. We receive a fixed quarterly payment under the NEJD arrangement. Payments on the Free State Pipeline are dependent on throughput.

Refinery Services

We primarily (i) provide services to nine refining operations located primarily 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 Frontier 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, asphalt, and other heavy refined products). 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, 350 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. Our marine operations include access to 50 barges, with a combined transportation capacity of 1.5 million barrels of heavy refined products and 22 push/tow boats. 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.

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;

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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;

Evaluating internal and third party growth opportunities (including asset and business acquisitions) that leverage our core competencies and strengths and further integrate our businesses; and

Focusing on health, safety and environmental stewardship.

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 CO₂ producers; refinery owners; industrial and commercial enterprises that use NaHS and caustic soda; and businesses that use CO₂ 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.

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. Our consistent and improving financial performance, combined with our conservative capital structure, has allowed us to increase our distribution for 26 consecutive quarters as of our most recent distribution declaration.

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

We believe we are one of the largest marketers of NaHS in North and South America. We believe 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 September 30, 2011, we had \$402.8 million available under our \$775 million credit agreement, including up to \$77.1 million of which could be designated as a loan under the \$125 million petroleum products inventory loan sublimit, and \$95.7 million of which could be used for letters of credit. Our inventory borrowing base was \$47.9 million at September 30, 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.

Recent Events

Acquisition of Interests in Crude Oil Pipeline Systems in the Gulf of Mexico

On January 3, 2012, we closed the previously announced transaction to acquire from Marathon Oil Company interests in several Gulf of Mexico crude oil pipeline systems, including its 28% interest in Poseidon Oil Company, L.L.C., its 29% interest in Odyssey Pipeline L.L.C. and its 23% interest in the Eugene Island Pipeline System. The purchase price was \$205.9 million, including crude oil linefill of an estimated \$26 million (net to us), which was funded with cash available under our credit facility. The purchase price is subject to certain usual and customary post-closing adjustments. This acquisition complements our existing infrastructure in the Gulf of Mexico and enhances our ability to provide capacity and market optionality to producers for their existing and future developments as well as our refining customers onshore Texas and Louisiana.

The Poseidon system is comprised of a 367-mile network of crude oil pipelines, varying in diameter from 16 to 24 inches, with capacity to deliver approximately 400,000 barrels per day of crude oil from developments in the central and western offshore Gulf of Mexico to other pipelines and terminals onshore and offshore Louisiana. Affiliates of Enterprise Products Partners L.P., or Enterprise, and Shell Oil Company, or Shell, each own a 36% interest in Poseidon. An affiliate of Enterprise will continue in its role as operator of Poseidon.

The Odyssey system is comprised of a 120-mile network of crude oil pipelines, varying in diameter from 12 to 20 inches, with capacity to deliver up to 300,000 barrels per day of crude oil from developments in the eastern Gulf of Mexico to other pipelines and terminals onshore Louisiana. An affiliate of Shell owns the remaining 71% interest in Odyssey, and an affiliate of Shell will continue to serve as the operator of Odyssey.

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The Eugene Island Pipeline System is comprised of a 183-mile network of crude oil pipelines, the main pipeline of which is 20 inches in diameter, with capacity to deliver approximately 200,000 barrels per day of crude oil from developments in the central Gulf of Mexico to other pipelines and terminals onshore Louisiana. Other owners in Eugene Island include affiliates of Exxon-Mobil, Chevron-Texaco, ConocoPhillips and Shell. An affiliate of Shell will continue to serve as the operator of the Eugene Island Pipeline System.

Barge Acquisition

On August 9, 2011, we completed the acquisition of the black oil barge transportation business of Florida Marine Transporters, Inc (or FMT) for \$143.5 million (\$141 million plus \$2.5 million for fuel inventory and other costs). The transaction added 30 barges (including seven being subleased) and 14 push boats to our marine fleet, which transport heavy refined petroleum products, principally 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. We funded the acquisition through a public offering of our common units.

Our Offices

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

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Ownership Structure

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

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The Offering

Common Units Offered by the Selling Unitholders	2,250,000 common units (2,587,500 common units if the underwriters exercise their option to purchase additional common units in full).
Common Units Outstanding Before and After this Offering	71,925,065 common units.
Use of Proceeds	We will not receive any proceeds from this offering.
Cash Distributions	<p>Within approximately 45 days after the end of each quarter, we will distribute all available cash to common unitholders of record on the applicable record date; provided that common units (i) issued upon the conversion of Waiver Units, (ii) issued and outstanding during such quarter, (iii) entitled to a distribution with respect to such quarter and (iv) outstanding for less than the entire quarter, shall be entitled only to a pro rata distribution based on the number of days in such quarter during which such common units were outstanding. Subject to the rights of holders of Waiver Units, including the right to receive preferential distributions in an amount equal to \$0.001786 per Waiver Unit (or a pro rata portion thereof based on the number of days in such quarter during which such Waiver Unit was outstanding), we distribute available cash each quarter pro rata to our common unitholders. However, there is no guarantee that we will pay a distribution on our units in any quarter, and we will be prohibited from making any distributions to unitholders if it would cause an event of default, or if an event of default then exists, under our credit agreement. Please read <u>Cash Distribution Policy</u> beginning on page S-17 of this prospectus supplement and page T-7 of the accompanying prospectus.</p> <p>On January 11, 2012, our board of directors declared a cash distribution of \$0.44 per common unit for the quarter ended December 31, 2011, which will be paid on February 14, 2012 to common unitholders of record at the close of business on February 1, 2012. This distribution represents an approximate 3% increase per common unit from the distribution in the prior quarter, and an increase of approximately 10% from the distribution in February 2011. This is the twenty-sixth consecutive quarter in which we have increased our quarterly distribution. This offering is expected to close on or before the record date for this cash distribution. Accordingly, the common units sold in this offering are expected to receive the declared distribution. If this offering closes after the close of business on February 1, 2012, the holders of common units purchased in this offering will not receive this distribution.</p>
New York Stock Exchange Symbol	GEL
Material Tax Consequences	For a discussion of material federal income tax consequences that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read <u>Material Income Tax Consequences</u> beginning on pages T-11 and U-32 of the accompanying prospectuses.

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Risk Factors

You should read **Risk Factors** beginning on page S-9 of this prospectus supplement and beginning on pages T-2 and U-4 of the accompanying prospectuses and found in the documents incorporated herein by reference, as well as the other cautionary statements throughout this prospectus supplement, to ensure you understand the risks associated with an investment in our common units.

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RISK FACTORS

An investment in our common units involves risk. We urge you to read and consider carefully the risk factor below and the risk factors included under the caption "Risk Factors" beginning on pages T-2 and U-4 of the accompanying prospectuses and those risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2010, which are incorporated by reference in this prospectus supplement, together with all of the other information included or incorporated by reference in this prospectus supplement, before deciding whether this investment is suitable for you. If any of these risks were to occur, our business, financial condition or results of operations could be materially and adversely affected. In such case, the trading price of the common units could decline, and you could lose all or part of your investment.

Regulation of the rates, terms and conditions of services and a changing regulatory environment could affect our cash flow.

The FERC regulates certain of our energy infrastructure assets engaged in interstate operations. Our intrastate pipeline operations are regulated by state agencies. This regulation extends to such matters as:

rate structures;

rates of return on equity;

recovery of costs;

the services that our regulated assets are permitted to perform;

the acquisition, construction and disposition of assets; and

to an extent, the level of competition in that regulated industry.

In addition, some of our pipelines and other infrastructure are subject to laws providing for open and/or non-discriminatory access.

Given the extent of this regulation, the evolving nature of federal and state regulation and the possibility for additional changes, the current regulatory regime may change and affect our financial position, results of operations or cash flows.

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USE OF PROCEEDS

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

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The following table sets forth information concerning the beneficial ownership of our common units by the selling unitholders. As of January 20, 2012, there were 71,925,065 common units outstanding. The percentages indicated below represent the selling unitholders' beneficial ownership of our common units and the number of common units assumes the underwriters exercise their option to purchase additional common units.

Selling Unitholder	Common units beneficially owned immediately before this offering		Common units to be offered	Common units beneficially owned immediately after this offering	
	Common units(1)	Percent		Common units	Percent
Quintana Energy Partners II, L.P.(2)	2,724,497	3.8%	1,671,785	1,052,712	1.5%
QEP II Genesis TE Holdco, LP(2)	274,309	*	168,215	106,094	*
EIV Capital Fund LP	1,752,048	2.4%	172,500	1,579,548	2.2%
Steven K. Davison(3)	2,796,412	3.9%	287,500	2,508,912	3.5%
Todd A. Davison(4)	2,625,541	3.6%	287,500	2,338,041	3.2%

* Less than one percent.

(1) Includes common units into which Class B Units and Waiver Units Class 1 are convertible.

(2) Quintana Energy Partners II, L.P. (QEP II) is the beneficial owner of 2,724,497 common units it holds directly. QEP II Genesis TE Holdco, LP (QEP Genesis) is the beneficial owner of 274,309 common units it holds directly. Each of QEP II and QEP Genesis may be deemed to have sole voting and dispositive power over the common units held directly by them. By the nature of their relationship with or interests in QEP II and QEP Genesis, QEP Management Co., L.P., a Delaware limited partnership (Management Co), which provides management services to QEP II and QEP Genesis, QEP Management Co. GP, LLC, a Delaware limited liability company (Management Co GP), the general partner of Management Co (together with Management Co, the Management Entities), Quintana Capital Group II, L.P., a Cayman Islands limited partnership and general partner of QEP II and QEP Genesis (QCG II), and Quintana Capital Group GP, Ltd., a Cayman Islands company (QCG GP), the general partner of QCG II (together with the Management Entities and QCG II, the Managing Entities) may be deemed to be the beneficial owners of 3,002,144 common units. The Managing Entities may be deemed to have shared voting and dispositive power over the common units beneficially held directly by QEP II and QEP Genesis. Donald L. Evans (one of our directors), Warren S. Hawkins, Brock E. Morris, Corbin J. Robertson, Jr., Corbin J. Robertson III (one of our directors), and William K. Robertson (one of our directors) are the managers of Management Co GP and the directors of QCG GP.

(3) Argent Trust is the trustee of the Steven Davison Family Trust. Due to his relationship and/or possible control over such trust, Steven K. Davison may be deemed to own beneficially the 274,397 common units held by the Steven Davison Family Trust.

(4) Argent Trust is the trustee of the Todd Davison Children's Trust and the Todd Davison Legacy Trust-2010. Due to his relationship and/or possible control over such trusts, Todd A. Davison may be deemed to own beneficially the 548,796 common units held by the Todd Davison Children's Trust and the Todd Davison Legacy Trust-2010.

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 prospectuses, such selling unitholder may be deemed to be making such offers and sales directly on behalf of us.

Table of Contents**PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS**

Our common units trade on the NYSE under the symbol GEL. As of January 20, 2012, there were 71,925,065 common units outstanding, held by approximately 26,000 record holders and beneficial owners (held in street name).

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 common unitholders of record; provided that common units (i) issued upon the conversion of our Waiver Units, (ii) issued and outstanding during such quarter, (iii) entitled to a distribution with respect to such quarter and (iv) outstanding for less than the entire quarter, shall be entitled only to a pro rata distribution based on the number of days in such quarter during which such common units were outstanding. Subject to the rights of holders of Waiver Units, including the right to receive distributions in an amount equal to \$0.001786 per Waiver Unit (or a pro rata portion thereof based on the number of days in such quarter during which such Waiver Unit was outstanding), we distribute available cash each quarter pro rata to our common unitholders. Available cash consists generally of all of our cash receipts less cash disbursements adjusted for net changes to reserves. Cash reserves are generally 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. Please read [Where You Can Find More Information](#) in this prospectus supplement.

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.

The following table sets forth the high and low sales prices for our common units in each quarter, as reported by the NYSE (or, on or prior to September 14, 2010, the NYSE Amex LLC), and the declared cash distributions for our common units in each quarter.

	Price range per common unit		Cash distributions per common unit(1)(2)
	High	Low	
Fiscal Year Ending December 31, 2012			
First Quarter (through January 20, 2012)	\$ 29.70	\$ 27.62	\$
Fiscal Year Ended December 31, 2011			
Fourth Quarter	\$ 28.33	\$ 21.82	\$ 0.4275
Third Quarter	28.12	20.85	0.4150
Second Quarter	29.08	25.35	0.4075
First Quarter	29.83	25.03	0.4000
Fiscal Year Ended December 31, 2010			
Fourth Quarter	\$ 27.24	\$ 22.77	\$ 0.3875
Third Quarter	23.52	18.43	0.3750
Second Quarter	20.64	15.47	0.3675
First Quarter	21.67	17.94	0.3600
Fiscal Year Ended December 31, 2009			
Fourth Quarter	\$ 19.95	\$ 15.10	\$ 0.3525
Third Quarter	16.89	12.01	0.3450
Second Quarter	13.92	9.82	0.3375
First Quarter	12.60	7.57	0.3300

- (1) Cash distributions are shown in the quarter paid.
- (2) The distribution attributable to the quarter ended December 31, 2011 will be paid on February 14, 2012 to unitholders of record at the close of business on or about February 1, 2012. This offering is expected to close on or before the record date for this cash distribution. Accordingly, the common units sold in this offering are expected to receive the declared distribution. If this offering closes after the close of business on February 1, 2012, the holders of common units purchased in this offering will not receive this distribution.

The last reported sales price of our common units on the NYSE on January 20, 2012 was \$29.05 per unit.

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DESCRIPTION OF OUR UNITS

General

Our units represent limited partner interests in Genesis Energy, L.P. that entitle the holders to participate in our cash distributions and to exercise the rights or privileges available to limited partners under our partnership agreement.

Common Units

Our outstanding common units are listed on the NYSE under the symbol GEL.

The transfer agent and registrar for our common units is American Stock Transfer & Trust Company.

Status as Limited Partner or Assignee. Except as described under Limited Liability, the common units will be fully paid, and the unitholders will not be required to make additional capital contributions to us.

Transfer of Common Units. Each purchaser of common units offered by this prospectus supplement must execute a transfer application. By executing and delivering a transfer application, the purchaser of common units:

becomes the record holder of the common units and is an assignee until admitted into our partnership as a substituted limited partner;

automatically requests admission as a substituted limited partner in our partnership;

agrees to be bound by the terms and conditions of, and executes, our partnership agreement;

represents that he has the capacity, power and authority to enter into the partnership agreement;

grants powers of attorney to officers of our general partner and any liquidator of our partnership as specified in the partnership agreement; and

makes the consents and waivers contained in the partnership agreement.

An assignee will become a substituted limited partner of our partnership for the transferred common units upon the consent of our general partner and the recording of the name of the assignee on our books and records. Our general partner may withhold its consent in its sole discretion.

Transfer applications may be completed, executed and delivered by a purchaser's broker, agent or nominee. We are entitled to treat the nominee holder of a common unit as the absolute owner. In that case, the beneficial holder's rights are limited solely to those that it has against the nominee holder as a result of any agreement between the beneficial owner and the nominee holder.

Common units are securities and are transferable according to the laws governing transfer of securities. In addition to other rights acquired, the purchaser has the right to request admission as a substituted limited partner in our partnership for the purchased common units. A purchaser of common units who does not execute and deliver a transfer application obtains only:

the right to assign the common unit to a purchaser or transferee; and

the right to transfer the right to seek admission as a substituted limited partner in our partnership for the purchased common units. Thus, a purchaser of common units who does not execute and deliver a transfer application:

will not receive cash distributions or federal income tax allocations, unless the common units are held in a nominee or street name account and the nominee or broker has executed and delivered a transfer application; and

may not receive some federal income tax information or reports furnished to record holders of common units.

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Until a common unit has been transferred on our books, we and the transfer agent, notwithstanding any notice to the contrary, may treat the record holder of the unit as the absolute owner for all purposes, except as otherwise required by law or stock exchange regulations.

Limited Liability. Assuming that a limited partner does not participate in the control of our business within the meaning of the Delaware Revised Uniform Limited Partnership Act (the Delaware Act) and that he otherwise acts in conformity with the provisions of our partnership agreement, his liability under the Delaware Act will be limited, subject to possible exceptions, to the amount of capital he is obligated to contribute to us for his common units plus his share of any undistributed profits and assets. If it were determined, however, that the right or exercise of the right by the limited partners as a group:

to remove or replace our general partner;

to approve some amendments to our partnership agreement; or

to take other action under our partnership agreement;

constituted participation in the control of our business for the purposes of the Delaware Act, then the limited partners could be held personally liable for our obligations under Delaware law, to the same extent as our general partner. This liability would extend to persons who transact business with us and who reasonably believe that the limited partner is a general partner. Neither our partnership agreement nor the Delaware Act specifically provides for legal recourse against our general partner if a limited partner were to lose limited liability through any fault of our general partner. While this does not mean that a limited partner could not seek legal recourse, we have found no precedent for this type of a claim in Delaware case law.

Under the Delaware Act, a limited partnership may not make a distribution to a partner if after the distribution all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities for which the recourse of creditors is limited to specific property of our partnership, exceed the fair value of the assets of the limited partnership. For the purpose of determining the fair value of the assets of a limited partnership, the Delaware Act provides that the fair value of property subject to liability for which recourse of creditors is limited shall be included in the assets of the limited partnership only to the extent that the fair value of that property exceeds the nonrecourse liability. The Delaware Act provides that a limited partner who receives a distribution and knew at the time of the distribution that the distribution was in violation of the Delaware Act shall be liable to the limited partnership for the amount of the distribution for three years. Under the Delaware Act, an assignee who becomes a substituted limited partner of a limited partnership is liable for the obligations of his assignor to make contributions to our partnership, except the assignee is not obligated for liabilities unknown to him at the time he became a limited partner and which could not be ascertained from our partnership agreement.

Meetings; Voting. Except as described below regarding a person or group owning 20% or more of any class of units then outstanding, unitholders or assignees who are record holders of units on the record date will be entitled to notice of, and to vote at, meetings of our limited partners and to act upon matters for which approvals may be solicited. Common units that are owned by an assignee who is a record holder, but who has not yet been admitted as a limited partner, will be voted by our general partner at the written direction of the record holder. Absent direction of this kind, the common units will not be voted, except that, in the case of common units held by our general partner on behalf of non-citizen assignees, our general partner will distribute the votes on those common units in the same ratios as the votes of limited partners on other units are cast.

Our general partner does not anticipate that any meeting of unitholders will be called in the foreseeable future. Any action that is required or permitted to be taken by the unitholders may be taken either at a meeting of the unitholders or without a meeting if consents in writing describing the action so taken are signed by holders of the number of units as would be necessary to authorize or take that action at a meeting. Meetings of the unitholders may be called by our general partner or by unitholders owning at least 20% of the outstanding units of the class for which a meeting is proposed and which are entitled to vote thereat. Unitholders may vote either in

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person or by proxy at meetings. The holders of a majority of the outstanding units of the class or classes for which a meeting has been called represented in person or by proxy shall constitute a quorum unless any action by the unitholders requires approval by holders of a greater percentage of the units, in which case the quorum shall be the greater percentage.

Each record holder of a unit has a vote according to his percentage interest in our partnership, although additional limited partner interests having special voting rights could be issued. However, if at any time any person or group, other than our general partner and its affiliates, or a direct or subsequently approved transferee of our general partner or its affiliates or a person or group who acquires the units with the prior approval of the board of directors, acquires, in the aggregate, beneficial ownership of 20% or more of any class of units then outstanding, the person or group will lose voting rights on any matter relating to the succession, election, removal, withdrawal, replacement or substitution of our general partner and will not be considered to be outstanding when sending notices of a meeting of unitholders, calculating required votes, determining the presence of a quorum or for other similar purposes if the matter to be voted on relates to the succession, election, removal, withdrawal, replacement or substitution of our general partner. Common units held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise.

Any notice, demand, request, report or proxy material required or permitted to be given or made to record holders of common units under our partnership agreement will be delivered to the record holder by us or by the transfer agent.

Books and Reports. Our general partner is required to keep appropriate books of our business at our principal office. The books will be maintained for both tax and financial reporting purposes on an accrual basis. For tax and fiscal reporting purposes, our fiscal year is the calendar year.

We will furnish or make available to record holders of common units, within 75 days after the close of each fiscal year (or such shorter period as the SEC may prescribe), an annual report containing audited financial statements and a report on those financial statements by our registered independent public accountants. Except for our fourth quarter, we will also furnish or make available unaudited financial information within 40 days after the close of each quarter.

We will furnish each record holder of a unit with information reasonably required for tax reporting purposes within 90 days after the close of each calendar year. This information is expected to be furnished in summary form so that some complex calculations normally required of partners can be avoided. Our ability to furnish this summary information to unitholders will depend on the cooperation of unitholders in supplying us with specific information. Every unitholder will receive information to assist him in determining his federal and state tax liability and filing his federal and state income tax returns, regardless of whether he supplies us with information.

Our partnership agreement provides that a limited partner can, for a purpose reasonably related to his interest as a limited partner, upon reasonable demand and at his own expense, have furnished to him:

a current list of the name and last known address of each partner;

a copy of our tax returns;

information as to the amount of cash, and a description and statement of the agreed value of any other property or services, contributed or to be contributed by each partner and the date on which each became a partner;

copies of our partnership agreement, the certificate of limited partnership of the partnership, related amendments and powers of attorney under which they have been executed;

information regarding the status of our business and financial condition; and

any other information regarding our affairs as is just and reasonable.

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Our general partner may, and intends to, keep confidential from the limited partners trade secrets or other information the disclosure of which our general partner believes in good faith is not in our best interests or which we are required by law or by agreements with third parties to keep confidential.

Summary of Partnership Agreement. For a summary of the important provisions of our partnership agreement, many of which apply to holders of common units, see *Description of Our Partnership Agreement* in this prospectus supplement.

Class B Units

Our partnership agreement provides for common units designated *Common Units Class B*, or *Class B Units*. The *Class B Units* are identical to the common units and, accordingly, have voting and distribution rights equivalent to those of the common units, except, in addition, *Class B Units* have the right to elect all of our board of directors (subject to the right of members of the Davison family, including James E. Davison, James E. Davison, Jr., Steven K. Davison and Todd A. Davison, and their affiliates to elect up to three directors under certain terms pursuant to a unitholders rights agreement). If members of the Davison family and their affiliates own (i) 15% or more of our common units, they have the right to appoint three directors, (ii) less than 15% but more than 10%, they have the right to appoint two directors, and (iii) less than 10%, they have the right to appoint one director. The *Class B Units* are convertible into common units at the option of the holder or in the event that the holders of at least a majority of the common units (excluding such units held by affiliates of our general partner) replace the existing general partner with a successor general partner, and as a result remove *Class B Units* right to elect our board of directors and cause the *Class B Units* to convert into common units.

Waiver Units

Our partnership agreement provides for units designated *Waiver Units*. The *Waiver Units* are non-voting securities entitled to a preferential quarterly distribution of \$0.001786 per *Waiver Unit* and are comprised of four classes (designated *Class 1*, *Class 2*, *Class 3* and *Class 4*) of 1,750,000 authorized units each. The *Waiver Units* have the right to convert into common units at the rate of one common unit for each *Waiver Unit* in four equal installments (based on class) in the calendar quarter during which each of the common units receives a quarterly distribution of at least \$0.43, \$0.46, \$0.49 and \$0.52, as applicable, if our distribution coverage ratio (after giving effect to the then convertible *Waiver Units*) would be at least 1.1 times. In addition, the *Waiver Units* have the right to convert into common units at the rate of one common unit for each *Waiver Unit* upon a sale of us (including a sale of all or substantially all of our assets or a merger or other form of statutory reorganization), subject to approval of such transaction by our conflicts committee, or under certain circumstances, automatically upon the death, disability or termination without cause of the holder of such *Waiver Units*.

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CASH DISTRIBUTION POLICY

Distributions of Available Cash

General. Within approximately 45 days after the end of each quarter, Genesis Energy, L.P. will distribute all available cash to unitholders of record on the applicable record date; provided that common units (i) issued upon the conversion of Waiver Units, (ii) issued and outstanding during such quarter, (iii) entitled to a distribution with respect to such quarter and (iv) outstanding for less than the entire quarter, shall be entitled only to a pro rata distribution based on the number of days in such quarter during which such common units were outstanding. Subject to the rights of holders of Waiver Units, including the right to receive distributions in an amount equal to \$0.001786 per Waiver Unit (or a pro rata portion thereof based on the number of days in such quarter during which such Waiver Unit was outstanding), we distribute available cash each quarter pro rata to our common unitholders. However, there is no guarantee that we will pay a distribution on our 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.

Definition of Available Cash. Available cash generally means, for each fiscal quarter, all cash on hand at the end of the quarter:

less the amount of cash reserves that our general partner determines in its reasonable discretion is necessary or appropriate to:

provide for the proper conduct of our business;

comply with applicable law, any of our debt instruments, or other agreements; or

provide funds for distributions to our unitholders for any one or more of the next four quarters;

plus all cash on hand on the date of determination of available cash for the quarter resulting from working capital borrowings. Working capital borrowings are generally borrowings that are made under our credit facility and in all cases are used solely for working capital purposes or to pay distributions to partners.

Adjustment of Quarterly Distribution Amounts

If we combine our units into fewer units or subdivide our units into a greater number of units, we will proportionately adjust the amount of our quarterly distribution.

For example, if a two-for-one split of the common units should occur, the quarterly distribution and the unrecovered initial unit price would each be reduced to 50% of its initial level. We will not make any adjustment by reason of the issuance of additional units for cash or property.

Distributions of Cash Upon Liquidation

If we dissolve in accordance with our partnership agreement, we will sell or otherwise dispose of our assets in a process called a liquidation. We will first apply the proceeds of liquidation to the payment of our creditors. We will distribute any remaining proceeds to the unitholders, in accordance with their capital account balances, as adjusted to reflect any gain or loss upon the sale or other disposition of our assets in liquidation.

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DESCRIPTION OF OUR PARTNERSHIP AGREEMENT

The following is a summary of the material provisions of our partnership agreement. Our partnership agreement has been filed with the SEC, and is incorporated by reference into this prospectus supplement. The following provisions of our partnership agreement are summarized elsewhere in this prospectus supplement and the accompanying prospectuses:

allocations of taxable income and other tax matters are described under **Material Income Tax Consequences** beginning on pages T-11 and U-32 of the accompanying prospectuses; and

rights of holders of units are described under **Description of Our Units**.

Purpose

Our purpose under our partnership agreement is to engage directly or indirectly in any business activity that is approved by our general partner and that may be lawfully conducted by a limited partnership under the Delaware Act. All of our operations are conducted through our subsidiaries and joint ventures.

Power of Attorney

Each limited partner, and each person who acquires a unit from a unitholder and executes and delivers a transfer application, grants to our general partner and, if appointed, a liquidator, a power of attorney to, among other things, execute and file documents required for our qualification, continuance or dissolution. The power of attorney also grants our general partner the authority to amend, and to make consents and waivers under, our partnership agreement.

Reimbursements of Our General Partner

Our general partner does not receive any compensation for its services as our general partner. It is, however, entitled to be reimbursed for all of its costs incurred in managing and operating our business. Our partnership agreement provides that our general partner will determine the expenses that are allocable to us in any reasonable manner determined by our general partner in its sole discretion.

Issuance of Additional Securities

Our partnership agreement authorizes us to issue an unlimited number of additional partner securities and rights to buy partnership securities that are equal in rank with or junior to our common units on terms and conditions established by our general partner in its sole discretion without the approval of the unitholders.

It is possible that we will fund acquisitions through the issuance of additional common units or other equity securities. Holders of any additional common units we issue will be entitled to share equally with the then-existing holders of common units in our distributions of available cash. In addition, the issuance of additional equity securities may dilute the value of the interests of the then-existing holders of common units in our net assets.

In accordance with Delaware law and the provisions of our partnership agreement, we may also issue additional equity securities that, in the sole discretion of our general partner, may have special voting rights to which common units are not entitled.

Amendments to Our Partnership Agreement

Amendments to our partnership agreement may be proposed only by or with the consent of our general partner. Any amendment that materially and adversely affects the rights or preferences of any type or class of

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limited partner interests in relation to other types or classes of limited partner interests or our general partner interest will require the approval of at least a majority of the type or class of limited partner interests or general partner interests so affected.

However, in some circumstances, more particularly described in our partnership agreement, our general partner may make amendments to our partnership agreement without the approval of our limited partners or assignees.

Withdrawal or Removal of Our General Partner

Our general partner may withdraw as general partner without first obtaining approval of any unitholder by giving 90 days' written notice, and that withdrawal will not constitute a violation of our partnership agreement.

Upon the voluntary withdrawal of our general partner, the holders of a majority of our outstanding common units may elect a successor to the withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability and tax matters cannot be obtained, we will be dissolved, wound up and liquidated, unless within 180 days after that withdrawal, the holders of a majority of our outstanding common units agree in writing to continue our business and to appoint a successor general partner.

Our general partner may be removed with or without cause. Cause means that a court of competent jurisdiction has entered a final, non-appealable judgment finding our general partner liable for actual fraud, gross negligence or willful or wanton misconduct in its capacity as our general partner. If cause exists, our general partner may not be removed unless that removal is approved by the vote of the holders of not less than two-thirds of our outstanding units, including units held by our general partner and its affiliates. The removal of our general partner for cause is also subject to the approval of a successor general partner by a vote of the holders of not less than two-thirds of our outstanding units, including units held by our general partner and its affiliates. If no cause exists, our general partner may not be removed unless that removal is approved by the vote of the holders of not less than a majority of our outstanding units, excluding units held by our general partner and its affiliates. Any removal of our general partner by the unitholders without cause is also subject to the approval of a successor general partner by the vote of the holders of a majority of our outstanding common units and the receipt of an opinion of counsel regarding limited liability and tax matters. Additionally, upon removal of our general partner without cause, our general partner will have the option to convert its interest in us (other than its common units) into common units or to require our replacement general partner to purchase such interest for cash at its then fair market value.

While our partnership agreement limits the ability of our general partner to withdraw, it allows our general partner interest to be transferred to an affiliate or to a third party in conjunction with a merger or sale of all or substantially all of the assets of our general partner. In addition, our partnership agreement does not prohibit the sale, in whole or in part, of the ownership of our general partner. Our general partner may also transfer, in whole or in part, the common units and any other partnership securities it owns.

Liquidation and Distribution of Proceeds

Upon our dissolution, unless we are reconstituted and continued as a new limited partnership, the person authorized to wind up our affairs (the liquidator) will, acting with all the powers of our general partner that the liquidator deems necessary or desirable in its judgment, liquidate our assets. The proceeds of the liquidation will be applied as follows:

first, towards the payment of all of our creditors; and

then, to our unitholders in accordance with the positive balance in their respective capital accounts.

The liquidator may defer liquidation of our assets for a reasonable period or distribute assets to our partners in kind if it determines that a sale would be impractical or would cause undue loss to our partners.

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Change of Management Provisions

Our partnership agreement contains the following specific provisions that are intended to discourage a person or group from attempting to remove our general partner or otherwise change management:

any units held by a person that owns 20% or more of any class of units then outstanding, other than our general partner and its affiliates, cannot be voted on any matters pertaining to the succession, election, removal, withdrawal, replacement or substitution of our general partner; and

the partnership agreement contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management.

Limited Call Right

If at any time our general partner, Genesis and their respective subsidiaries own more than 80% of the issued and outstanding limited partner interests of any class, our general partner will have the right to acquire all, but not less than all, of the outstanding limited partner interests of that class that are held by persons other than our general partner, Genesis and their respective subsidiaries. The record date for determining ownership of the limited partner interests would be selected by our general partner on at least ten but not more than 60 days notice. The purchase price in the event of a purchase under these provisions would be the greater of (1) the current market price (as defined in our partnership agreement) of the limited partner interests of the class as of the date three days prior to the date that notice is mailed to the limited partners as provided in the partnership agreement and (2) the highest cash price paid by our general partner, Genesis or any of their respective subsidiaries for any partnership securities of the class purchased within the 90 days preceding the date our general partner first mails notice of its election to purchase those partnership securities.

Indemnification

Under our partnership agreement, in most circumstances, we will indemnify persons who are or were our general partner, or its members or other affiliates and their officers and directors to the fullest extent permitted by law, from and against all losses, claims or damages any of them may suffer because they are or were our general partner, officer or director, as long as the person seeking indemnity acted in good faith and in a manner believed to be in or not opposed to our best interest. Any indemnification under these provisions will only be out of our assets. Our general partner and its affiliates shall not be personally liable for, or have any obligation to contribute or loan funds or assets to us to enable us to effectuate any indemnification. We are authorized to purchase insurance against liabilities asserted against and expenses incurred by persons for our activities, regardless of whether we would have the power to indemnify the person against liabilities under our partnership agreement. In addition, we typically enter into indemnification agreements with each director of our general partner covering any costs, claims or expenses such director incurs in connection with serving in her/his capacity as a director or any other capacity at the request of our general partner or us.

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MATERIAL TAX CONSIDERATIONS

The tax consequences to you of an investment in our common units will depend in part on your own tax circumstances. For a discussion of the principal federal income tax considerations associated with our operations and the purchase, ownership and disposition of our common units, please read **Material Income Tax Consequences** beginning on pages T-11 and U-32 of the accompanying prospectuses. Please also read **Item 1A. Risk Factors - Tax Risks to Common Unitholders** in our Annual Report on Form 10-K for the year ended December 31, 2010 for a discussion of the tax risks related to purchasing and owning our common units. You are urged to consult with your own tax advisor about the federal, state, local, and foreign tax consequences peculiar to your circumstances.

Partnership Status

The anticipated after-tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for federal income tax purposes. No ruling has been or will be sought from the Internal Revenue Service, or the IRS, and the IRS has made no determination as to our status as a partnership for federal income tax purposes or whether our operations generate **qualifying income** under Section 7704 of the Internal Revenue Code. Instead, we will rely on the opinion of Akin Gump Strauss Hauer & Feld LLP that, based upon the Internal Revenue Code, its regulations, published revenue rulings and court decisions and the representations described below, we will be classified as a partnership for federal income tax purposes.

In rendering its opinion, Akin Gump Strauss Hauer & Feld LLP has relied on factual representations made by us and our general partner, including the following:

Neither we nor the operating company has elected or will elect to be treated as a corporation; and

For each taxable year, more than 90% of our gross income has been and will be income from sources that Akin Gump Strauss Hauer & Feld LLP has opined or will opine is **qualifying income** within the meaning of Section 7704(d) of the Internal Revenue Code. In order to be treated as a partnership for federal income tax purposes, at least 90% of our gross income must be from specific qualifying sources, such as the transportation, processing or marketing of natural gas and natural gas products or other passive types of income such as dividends. For a more complete description of this qualifying income requirement, please read **Material Income Tax Consequences - Partnership Status** beginning on pages T-11 and U-32 of the accompanying prospectuses.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our taxable income at the corporate tax rate, which is currently a maximum of 35%, and would likely pay state income tax at varying rates. Distributions would generally be taxed again to unitholders as corporate distributions and no income, gains, losses, or deductions would flow through to unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to unitholders would be substantially reduced. Therefore, treatment of us as a corporation would result in a material reduction in the anticipated cash flow and after-tax return to our unitholders likely causing a substantial reduction in the value of our common units.

Current law may change so as to cause us to be treated as a corporation for federal income tax purposes or otherwise subject us to entity-level taxation. For example, in response to certain developments, members of Congress are considering substantive changes to the definition of **qualifying income**. It is possible that these efforts could result in changes to the existing U.S. tax laws that affect publicly traded partnerships including us. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any such changes could negatively impact an investment in our common units. In addition, because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise and other forms of taxation. For example, in 2008, we began paying Texas franchise tax at a maximum effective rate of 0.5% of our gross income apportioned to Texas in the prior year.

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Tax Rates

Under current law, the highest marginal U.S. federal income tax rate applicable to ordinary income of individuals is 35% and the highest marginal U.S. federal income tax rate applicable to long-term capital gains (generally, capital gains on certain assets held for more than 12 months) of individuals is 15%. However, absent new legislation extending the current rates, beginning January 1, 2013, the highest marginal U.S. federal income tax rate applicable to ordinary income and long-term capital gains of individuals will increase to 39.6% and 20%, respectively. Moreover, these rates are subject to change by new legislation at any time.

The Patient Protection and Affordable Care Act will impose a 3.8% Medicare tax on certain investment income earned by individuals for taxable years beginning after December 31, 2012. For these purposes, investment income generally includes a unitholder's allocable share of our income and gain realized by a unitholder from a sale of units. The tax will be imposed on the lesser of (i) the unitholder's net income from all investments, and (ii) the amount by which the unitholder's adjusted gross income exceeds \$250,000 (if the unitholder is married and filing jointly) or \$200,000 (if the unitholder is unmarried).

Constructive Termination

We will be considered to have been terminated for tax purposes if there are sales or exchanges which, in the aggregate, constitute 50% or more of the total interests in our capital and profits within a twelve-month period. For purposes of measuring whether the 50% threshold is reached, multiple sales of the same interest are counted only once. A constructive termination results in the closing of our taxable year for all unitholders. In the case of a unitholder reporting on a taxable year other than a fiscal year ending December 31, the closing of our taxable year may result in more than twelve months of our taxable income or loss being includable in his taxable income for the year of termination. A constructive termination occurring on a date other than December 31 will result in us filing two tax returns (and unitholders may receive two Schedules K-1 if the relief discussed below is not available) for one fiscal year and the cost of the preparation of these returns will be borne by all common unitholders. However, pursuant to an IRS relief procedure for publicly traded partnerships that have technically terminated, the IRS may allow, among other things, that we provide a single Schedule K-1 for the tax year in which a termination occurs. We would be required to make new tax elections after a termination, including a new election under Section 754 of the Internal Revenue Code, and a termination would result in a deferral of our deductions for depreciation. A termination could also result in penalties if we were unable to determine that the termination had occurred. Moreover, a termination might either accelerate the application of, or subject us to, any tax legislation enacted before the termination.

Nominee Reporting

Persons who hold an interest in us as a nominee for another person are required to furnish to us:

- (a) the name, address and taxpayer identification number of the beneficial owner and the nominee;
- (b) whether the beneficial owner is:
 - (1) a person that is not a United States person;
 - (2) a foreign government, an international organization or any wholly owned agency or instrumentality of either of the foregoing;
or
 - (3) a tax-exempt entity;
- (c) the amount and description of units held, acquired or transferred for the beneficial owner; and

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- (d) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

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Brokers and financial institutions are required to furnish additional information, including whether they are United States persons and specific information on units they acquire, hold or transfer for their own account. A penalty of \$100 per failure, up to a maximum of \$1.5 million per calendar year, is imposed by the Internal Revenue Code for failure to report that information to us. The nominee is required to supply the beneficial owner of the units with the information furnished to us.

Tax Exempt Organizations and Other Investors

Ownership of common units by tax-exempt entities, regulated investment companies, and non-U.S. investors raises issues unique to such persons. Please read **Material Income Tax Consequences Tax-Exempt Organizations and Other Investors** beginning on pages T-23 and U-42 of the accompanying prospectuses.

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The selling unitholders are offering the common units described in this prospectus supplement and the accompanying prospectuses through the underwriters named below. Barclays Capital Inc. (the Representative) is acting as sole book-running manager and representative of the underwriters named below. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has severally agreed to purchase, and the selling unitholders have agreed to sell to that underwriter, 2,250,000 common units.

Each underwriter has severally agreed to purchase the number of common units listed next to its name in the following table:

Underwriters	Number of Units
Barclays Capital Inc.	
Stifel, Nicolaus & Company, Incorporated	
Total	2,250,000

The underwriting agreement provides that the obligations of the underwriters to purchase the common units included in this offering are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all of the common units (other than those covered by the underwriters option to purchase additional units described below) if they purchase any of the common units.

Option to Purchase Additional Units

The selling unitholders have granted to the underwriters an option, exercisable for up to 30 days from the date of this prospectus supplement, to purchase up to 337,500 additional common units at the public offering price less the underwriting discount. To the extent the option is exercised, each underwriter must purchase the number of additional common units approximately proportionate to that underwriter's initial purchase commitment.

Underwriting Discount and Expenses

The underwriters propose to offer some of the common units directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the common units to dealers at the public offering price less a concession not to exceed \$ per common unit. After the offering, the underwriters may change the public offering price and the other selling terms. The offering of the common units by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The following table shows the underwriting discounts that we and the selling unitholders, collectively, are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional common units.

	No Exercise	Full Exercise
Per unit	\$	\$
Total	\$	\$

We estimate that our total expenses of this offering, other than underwriting discounts and commissions, will be approximately \$400,000.

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Lock-Up Agreements

We, our subsidiaries, our general partner, and certain of the selling unitholders have agreed that during the 45 days after the date of this prospectus supplement and subject to certain exceptions, we, such other entities or persons and the selling unitholders will not, without the prior written consent of Barclays Capital Inc., (i) issue, sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act and the rules and regulations of the SEC promulgated thereunder, with respect to any of our common units or securities convertible into or exchangeable or exercisable for our common units or warrants or other rights to purchase our common units or any other securities of ours that are substantially similar to our common units, (ii) file or cause to become effective a registration statement under the Securities Act, relating to the offer and sale of any of our common units or securities convertible into or exchangeable or exercisable for our common units or warrants or other rights to purchase our common units or any other of our securities that are substantially similar to common units, (iii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of our common units or any securities convertible into or exchangeable or exercisable for our common units or warrants or other rights to purchase our common units or any such securities, whether any such transaction is to be settled by delivery of our common units or such other securities, in cash or otherwise or (iv) publicly announce an intention to effect any transaction specified in clause (i), (ii) or (iii). These restrictions do not apply to, among other things:

the sale of common units pursuant to the underwriting agreement;

issuances of common units by us upon the exercise of options or warrants or the conversion of Class B Units or Waiver Units disclosed as outstanding in this prospectus supplement, the accompanying prospectuses or the documents incorporated by reference herein;

the issuance of employee unit stock options, phantom units or dividend equivalent rights that are not exercisable or do not vest, as applicable, during the 45-day period pursuant to benefit plans described in this prospectus supplement, the accompanying prospectuses or the documents incorporated by reference herein;

the filing of a registration statement on Form S-8 to register common units under benefit plans disclosed in this prospectus supplement, the accompanying prospectuses or the documents incorporated by reference herein;

the filing of a universal shelf registration statement on Form S-3 to register common units or other partnership securities, provided that we shall not issue any common units thereunder until expiration of the 45-day period;

the issuance of common units in a private placement exempt from registration under the Act, provided that the purchaser of such common units enters into an agreement to be subject to the same restrictions for the remainder of the 45-day period;

transfers pursuant to any loan or similar agreement in effect on the date of this prospectus supplement, as amended from time to time, or any successor to any such agreement; and

the pledge of common units or other partnership securities to secure loans to such persons or entities in connection with any financing transaction to which such persons or entities are parties, provided that such common units or other partnership securities may not be sold or disposed of in connection with the exercise by the lender of any remedies as a secured party until the expiration of the 45-day period.

In addition, certain executive officers and directors of our general partner and the selling unitholders that are individuals have agreed to restrictions similar to those set forth above until February 23, 2012.

NYSE Listing

Our common units are listed on the New York Stock Exchange under the symbol GEL.

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Price Stabilization, Short Positions and Penalty Bids

In connection with the offering, the Representative, on behalf of the underwriters, may purchase and sell common units in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of common units in excess of the number of common units to be purchased by the underwriters in the offering, which creates a syndicate short position. Covered short sales are sales of common units made in an amount up to the number of common units represented by the underwriters option to purchase additional common units. In determining the source of common units to close out the covered syndicate short position, the underwriters will consider, among other things, the price of common units available for purchase in the open market as compared to the price at which they may purchase units through the option to purchase additional common units. Transactions to close out the covered syndicate short position involve either purchases of the common units in the open market after the distribution has been completed or the exercise of the option to purchase additional common units. The underwriters may also make naked short sales of common units in excess of the option to purchase additional common units. The underwriters must close out any naked short position by purchasing common units in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common units in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of common units in the open market while the offering is in progress.

The underwriters also may impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when