GENESIS ENERGY LP
Form 424B3
November 27, 2007

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus 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.

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-126482

PRELIMINARY PROSPECTUS SUPPLEMENT SUBJECT TO COMPLETION November 27, 2007
(To Prospectus dated August 30, 2005)

7,000,000 Common Units

Representing Limited Partner Interests

We are offering 7,000,000 common units representing limited partner interests, as well as 559,035 common units to be offered to our general partner. We will receive all of the net proceeds from the sale of such common units. Our common units are traded on the American Stock Exchange, or AMEX, under the symbol GEL. On November 26, 2007, the last reported sales price of our common units on the AMEX was $22.52 per common unit.

Investing in our common units involves a high degree of risk. Before buying any common units, you should read the discussion of material risks of investing in our common units in Risk factors beginning on page S-16 of this prospectus supplement and page 2 of the accompanying prospectus.

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 prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per common unit	**Total**
Public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds, before expenses, to us	$	$

(1) The underwriters will receive no discount or commission on the sale of common units to our general partner.

The underwriters may also purchase up to an additional 1,050,000 common units from us at the public offering price, less underwriting discounts and commissions payable by us to cover over-allotments, if any, within 30 days from the date of this prospectus supplement. Our general partner will purchase up to an additional 83,855 common units from us at the public offering price, less the underwriting discount, allowing it to maintain its proportionate interest in us to the extent the underwriters exercise the over-allotment option.

The underwriters are offering the common units as set forth under Underwriting. Delivery of the common units will be made on or about December , 2007.

Joint Book-Running Managers

UBS Investment Bank **Wachovia Securities**

Goldman, Sachs & Co. **RBC Capital Markets**

Banc of America Securities LLC

Deutsche Bank Securities

Sanders Morris Harris

The date of this prospectus supplement is , 2007.

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This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering of common units. The second part is the base prospectus dated August 30, 2005, which gives 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 prospectus, 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. 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 prospectus, you should rely on the information in this prospectus supplement.

We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We 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.

Prospectus supplement summary

This summary highlights some basic information from this prospectus supplement and the accompanying base prospectus to help you understand the common units. It likely does not contain all the information that is important to you. You should read carefully the entire prospectus supplement, the accompanying base prospectus and the other documents incorporated by reference to understand fully the terms of the common units, 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; Denbury means Denbury Resources Inc. and its subsidiaries; 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 over-allotment option. This prospectus supplement presents segment margin and available cash before reserve amounts, or ratios derived therefrom, which are non-GAAP financial measures as used herein. For a reconciliation of non-GAAP financial measures to the most comparable GAAP measures, please see Reconciliation of Non-GAAP Financial Measures on page S-13.

GENESIS ENERGY, L.P.
OVERVIEW

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 have a diverse portfolio of customers, operations and assets, including refinery-related plants, pipelines, storage tanks and terminals, and trucks and truck terminals. We provide services to refinery owners; oil, natural gas and CO_2 producers; industrial and commercial enterprises that use CO_2 and other industrial gases; and individuals and companies that use our dry-goods trucking services. Consequently, 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 manage our businesses through four divisions which are our reportable segments:

Ø *Pipeline Transportation:* We transport oil and, to a lesser extent, natural gas and CO_2 in the Gulf Coast region of the U.S. through approximately 500 miles of pipeline. We own and operate three oil common carrier pipelines, a small CO_2 pipeline and several small natural gas gathering pipelines. Our pipeline systems include a total of approximately 0.7 million barrels of leased and owned tankage.

Ø *Refinery Services:* We provide services to eight refining operations located predominantly in Texas, Louisiana and Arkansas. These refineries generally are owned and operated by large companies, including ConocoPhillips, Citgo and Ergon. Our refinery services primarily involve processing high sulfur (or sour) natural gas streams, which are separated from hydrocarbon streams, to remove the sulfur. Our refinery services contracts, which usually have an initial term of two to ten years, have an average remaining term of five years.

Ø *Supply and Logistics:* We provide terminaling, blending, storing, marketing, gathering and transporting by trucks, and other supply and logistics services to third parties, as well as to support our other businesses. We own or lease approximately 300 trucks, 600 trailers and almost 1.5 million barrels of liquid storage capacity at eleven different locations. Our terminaling, blending, marketing and gathering activities are focused on oil and petroleum products, primarily fuel oil.

- *Industrial Gases:* We supply CO_2 to industrial customers under long-term, back-to-back agreements. In addition, through our 50% interest in Sandhill Group, LLC, we process raw CO_2 for sale to other customers for uses ranging from completing oil and natural gas producing wells to food processing. Through our 50% interest in T&P Syngas Supply Company, or T&P Syngas, we also process syngas (a combination of carbon monoxide and hydrogen), which T&P Syngas sells to Praxair Inc., the other 50% owner.

OUR RELATIONSHIP WITH DENBURY RESOURCES INC.

We continue to benefit from our strategic affiliation with Denbury Resources Inc. (NYSE:DNR), which indirectly owns 100% of our general partner interest, 100% of our incentive distribution rights and, prior to the closing of this offering, 7.4% of our outstanding common units. Denbury, which had an equity market capitalization of approximately $6.9 billion as of October 31, 2007, operates primarily in Mississippi, Louisiana and Texas, emphasizing the tertiary recovery of oil using CO_2 flooding. Denbury is the largest producer (based on average barrels produced per day) of oil in Mississippi, and it is one of only a handful of producers in the U.S. that possesses CO_2 tertiary recovery expertise along with large deposits of low-cost CO_2 reserves, consisting of approximately 5.5 trillion cubic feet of estimated proved CO_2 reserves as of December 31, 2006. Other than the CO_2 reserves owned by Denbury, we do not know of any significant natural sources of CO_2 from East Texas to Florida. Denbury is conducting the largest CO_2 tertiary recovery operations in the Eastern Gulf Coast of the U.S., an area with many mature oil reservoirs that potentially contain substantial volumes of recoverable oil. In addition to the amounts it has already expended on the Free State and North East Jackson Dome, or NEJD, CO_2 pipelines, Denbury has announced that it expects to spend approximately $775 million between December 31, 2007 and the end of 2009 to build CO_2 pipelines to support its tertiary oil recovery expansions.

We believe Denbury has strong economic and strategic incentives to furnish business opportunities to us in the form of acquisitions, leases, transportation agreements and other transactions. In fact, Denbury has indicated that it plans to use us as a vehicle to provide its midstream infrastructure needs, particularly with respect to CO_2 pipelines. We believe Denbury is likely to provide us with future growth opportunities due to the following additional factors, among others:

- Denbury s stated intent for us to function as a provider of pipelines and gathering systems necessary to support its operations;
- Denbury s significant economic and strategic interests in us;
- the close proximity of certain of Denbury s assets and operations to certain of our assets and operations; and
- the extent of Denbury s growth capital requirements.

Denbury has announced its intention, which it can change at any time, to drop down to us certain midstream assets over time, at its discretion. Denbury intends to consider offering $1.00 of drop down transactions to us for each $1.50 of non-Denbury-related capital we economically deploy. For example, because we have consummated the Davison acquisition for approximately $623 million (net of cash acquired at closing and subject to final purchase price adjustments), Denbury is willing to discuss with us drop down transactions of approximately $400 million.

We believe there is a broad array of transactions that we could explore with Denbury which could result in strong growth opportunities for us, including acquiring (through purchase, construction, lease or otherwise) CO_2, oil and/or natural gas gathering and transportation pipelines and related midstream infrastructure; transporting CO_2; transporting, gathering and storing oil and/or natural gas; and enhancing our industrial gases opportunities. In August, both Denbury and we announced our intention to enter into negotiations regarding specific transactions. See *Recent Events Announced Potential Denbury Drop Down Transactions* below.

Although our relationship with Denbury may provide us with a source of acquisition and other growth opportunities, Denbury is not obligated to enter into any transactions with (or to offer any opportunities to) us or to promote our interest, and none of Denbury or any of its affiliates (including our general partner) has any obligation or commitment to contribute or sell any assets to us or enter into any type of transaction with us, and each of them, other than our general partner, has the right to act in a manner that could be beneficial to its interests and detrimental to ours. Further, Denbury may, at any time, and without notice, alter its business strategy, including determining that it no longer desires to use us as a provider of its midstream infrastructure. Additionally, if Denbury were to make one or more offers to us, we cannot say that we would elect to pursue or consummate any such opportunity. In addition, though our relationship with Denbury is a significant strength, it also is a source of potential conflicts. Please read *Summary of Conflicts of Interest and Fiduciary Duties.*

OUR OBJECTIVES AND STRATEGIES

Our primary business objectives are to generate stable cash flows to 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:

Ø Expanding our asset base through strategic and accretive acquisitions and construction and development projects with third parties and Denbury;

Ø Optimizing our CO_2 and other industrial gases expertise and infrastructure;

Ø Leveraging our oil handling capabilities with Denbury s tertiary recovery projects;

Ø Attracting new refinery customers and expanding the services we provide those customers;

Ø Increasing the utilization rates and enhancing the profitability of our existing assets;

Ø Increasing stable cash flows generated through fee-based services, long-term contractual arrangements and managing commodity price risks;

Ø Maintaining a balanced and diversified portfolio of midstream energy and industrial gases assets, operations and customers;

Ø Creating strategic arrangements and sharing capital costs and risks through joint ventures and strategic alliances; and

Ø Maintaining, on average, a conservative capital structure that will allow us to execute our growth strategy while, over the longer term, enhancing our credit ratings.

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:

Ø *Relationship with Denbury.* We have a strong relationship with Denbury, the indirect owner of our general partner. Denbury has indicated that it intends to use us as a vehicle to provide its midstream infrastructure needs, particularly with respect to CO_2 pipelines. We believe Denbury has strong economic and strategic incentives to provide business opportunities to us. We also believe that, if we can become an instrumental component of Denbury s future development projects, we can leverage those operations (and our relationship with Denbury) into oil transportation and storage opportunities with third parties, such as other producers and refinery operators, in the areas into which Denbury expands its operations.

Ø *Experienced, Knowledgeable and Motivated Senior Management Team with Proven Track Record.* Our senior management team has over 40 years of combined 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. As discussed below, the incentive compensation arrangements of our senior management team are structured to help ensure that our senior management team executes our growth strategy in a manner that is accretive on a distribution per unit basis.

Ø *Unique Platform, Limited Competition and Anticipated Growing Demand in Refinery Services Operations.* We provide services to eight refining operations located predominantly in Texas, Louisiana and Arkansas. Our refinery services primarily involve processing sour natural gas streams, which are separated from hydrocarbon streams, to remove the sulfur. We believe that the U.S. refinery industry s demand for sulfur extraction services will increase because we believe sour oil will constitute an ever-increasing portion of the total supply of refinery oil worldwide. In addition, we have an increasing array of services we can offer to our refinery customers and we believe our proprietary knowledge, scale, logistics capabilities and safety and service record will encourage such customers to continue to outsource their existing refinery services needs to us.

Ø *Supply and Logistics Division Supports Full Suite of Services.* In addition to its established customers, our supply and logistics division can, from time to time, attract customers to our other divisions and/or create synergies that may not be available to our competitors.

Ø *Diversified and Balanced Portfolio of Customers, Operations and Assets.* We have a diversified and well-balanced portfolio of customers, operations and assets throughout the Gulf Coast region of the U.S. Through our diverse assets, we provide stand-alone and integrated gathering, transporting, processing, blending, storing and marketing services, among others, to four distinct customer groups. Our operations and assets are characterized by:

- *Strategic Locations.* Our oil pipelines and related assets are predominately located near areas that are experiencing increasing oil production, in large part because of Denbury s tertiary recovery operations, and in and around inland refining operations, many of which we believe are contemplating expansion.

- *Cost-Effective Expansion and Enhancement Opportunities.* We own pipelines, terminals and other assets that have available capacity or that have opportunities for expansion of capacity without incurring material expenditures. Our available capacity allows us to increase our revenues with little or no additional cost to us, and our expansion capability allows us to increase our asset base, as needed, in a cost-effective manner.

- *Cash Flow Stability.* Our cash flow is relatively stable due to a number of factors, including our long-term, fee-based contracts with our refinery services and industrial gases customers, our diversified base of customers, assets and services, and our relatively low exposure to volatile fluctuations in commodity prices.

Ø *Financial Flexibility.* After we complete the offering contemplated by this prospectus supplement, we believe we will have the financial flexibility to pursue additional growth projects. As of September 30, 2007, we had $285 million of loans and $4.7 million in letters of credit outstanding under our $500 million credit facility, resulting in $90.4 million of remaining credit availability under our borrowing base. In addition, any new acquisitions that we complete will have the potential to increase our borrowing base, subject to specified limitations and lender consent. We will use the proceeds of this offering for general partnership purposes, including temporarily paying down the outstanding balance under our credit facility and, ultimately, indirectly funding certain acquisitions. If we use $165.9 million, or all of the net proceeds relating to this offering (including proceeds received from our general partner), to reduce indebtedness under our credit facility, we will have $256.3 million of remaining credit availability under our borrowing base. We believe this offering and our credit facility will provide us with the financial flexibility to fund our short term operations and strategic growth plan and to facilitate our longer-term expansion and acquisition strategies, which include accessing the capital markets from time to time to fund future growth.

RECENT EVENTS

Acquisition of Refinery Services Division and Other Businesses

On July 25, 2007, we acquired five energy-related businesses, including the operations that comprise our refinery services division, from several entities owned and controlled by the Davison family of Ruston, Louisiana. The other acquired businesses, which transport, store, procure and market petroleum products and other bulk commodities, are included in our supply and logistics segment.

Our acquisition agreement with the Davisons provided that we would deliver to them $563 million of consideration, half in common units (13,459,209 common units at an agreed-to value of $20.8036 per unit) and half in cash, subject to specified purchase price adjustments. Our financial statements at September 30, 2007 reflect a total acquisition price of $631 million, which includes the preliminary purchase price adjustments, our transaction costs, working capital acquired, net of cash acquired, and a valuation of the units at $24.52 per unit, which was the average closing price of our units during the five trading day period ending two days after we signed the acquisition agreement. See *Business Overview Recent Events Acquisition of Refinery Services Division and Other Businesses.*

The Davison family is our largest unitholder, with a 36.8% interest in us (represented by 13,459,209 of our common units) after giving effect to the issuances pursuant to this offering. It has designated two of the members of the board of directors of our general partner, and as long as it maintains a specified minimum ownership percentage of our common units, it will have the continuing right to designate up to two directors. The Davison family has agreed to restrictions that limit its ability to sell specified percentages of its common units through July 26, 2010. For example, prior to July 25, 2008, the Davison family may not sell more than 20% of its common units.

Announced Potential Denbury Drop Down Transactions

Denbury has announced plans to negotiate several anticipated transactions with us involving the drop down of some of its CO_2 pipeline assets. We currently expect those transactions to consist of property purchases combined with associated transportation or service arrangements or direct financing leases, or a combination of both. We anticipate that, during the fourth quarter of 2007, we will enter into approximately $200 to $250 million of transactions with Denbury relating to its Free State and NEJD CO_2 pipelines. We also anticipate similar transactions in the range of $100 to $150 million in the second half of 2008 for other CO_2 pipelines that Denbury is currently constructing. Although we currently are negotiating the Free State and NEJD transactions with Denbury, we cannot assure you that we will reach mutually satisfactory terms and consummate those transactions. See *Business Our Relationship with Denbury Resources Inc.*

Quarterly Distribution Increase

On October 26, 2007, our board of directors declared a cash distribution of $0.27 per unit for the quarter ended September 30, 2007. The distribution was paid on November 14, 2007 to our general partner and all common unitholders of record as of the close of business on November 6, 2007. That quarterly distribution rate represents an increase of 17% relative to the distribution paid for the second quarter of 2007, an approximate 35% increase relative to the same period in 2006, and an approximate 69% increase relative to the third quarter in 2005. This is our ninth consecutive quarterly distribution increase, with the previous eight being increased by $0.01 per unit.

Increased Credit Facility to $500 Million

On November 15, 2006, we replaced our $50 million working capital credit facility with a $500 million working capital and acquisition facility. As of September 30, 2007, we had borrowed $285 million under that facility, and we had $4.7 million in letters of credit outstanding, resulting in $90.4 million of remaining credit availability under our borrowing base.

Adopted Growth-Oriented Strategy and Hired an Experienced Midstream Senior Management Team

Our board of directors has adopted a growth-oriented strategy for us, and on August 8, 2006, we hired an experienced senior management team. To help ensure that our senior management team is incentivized to execute our growth strategy in a manner that is accretive on a distribution per unit basis, our general partner has undertaken to negotiate definitive agreements relating to an incentive compensation arrangement to provide the members of our senior management team with the opportunity to earn up to a 20% interest in our general partner if certain performance criteria are met. Those performance criteria primarily relate to the dollar amount of expenditures for acquisitions we consummate (including development projects, but excluding acquisitions from Denbury and its affiliates) provided such expenditures earn (using a look-back provision) a specified minimum, un-levered return on investment.

Acquired Terminal and Dock Facilities

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

Florida Oil Pipeline System Expansion

We committed to construct an extension of our existing Florida oil pipeline system that would extend to producers operating in southern Alabama, which will consist of approximately 33 miles of 8 pipeline and gathering connections to approximately 30 wells and oil storage capacity of 20,000 barrels in the field. We expect to place those facilities in service in the second half of 2008.

Unitholder Meeting

We have called a special meeting of our unitholders to be held on December 18, 2007, for unitholders of record as of November 2, 2007, to vote on (1) a proposal to amend certain provisions of our partnership agreement to allow any affiliated persons or group who hold more than 20% of our outstanding voting units to vote on all matters on which holders of our voting units have the right to vote, other than matters relating to the succession, election, removal, withdrawal, replacement or substitution of our general partner, and to clarify and expand the concept of *group* as defined in our partnership agreement; and (2) a proposal to approve the terms of the Genesis Energy, Inc. 2007 Long Term Incentive Plan, which provides for awards of our units and other rights to our employees and, possibly, our directors.

OUR OFFICES

Our executive offices are located at 500 Dallas, Suite 2500, 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, or MLPs, our general partner, Genesis Energy, Inc., is responsible for operating our business, including providing all necessary personnel and other resources.

Genesis Energy, Inc. 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 a subsidiary of Denbury Gathering & Marketing, Inc., a subsidiary of Denbury. After giving effect to the issuances pursuant to this offering:

Ø Public unitholders will own 19,765,000 common units, representing a 54.0% interest in us.

Ø The Davison family will own 13,459,209 common units, representing a 36.8% interest in us.

Ø Our general partner, who will maintain its proportionate ownership interest in us, will own 2,653,358 common units (representing a 7.2% interest in us) and all of our 2.0% general partnership interest, as well as our incentive distribution rights.

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

(1) *The incentive compensation arrangement in connection with which our general partner has undertaken to negotiate definitive agreements to provide our senior management team with the opportunity to earn up to 20% of the interest in our general partner if certain performance criteria are met. See Recent Events Adopted Growth-Oriented Strategy and Hired an Experienced Midstream Senior Management Team.*

The offering

Common units we are offering to the public	7,000,000 common units, or 8,050,000 common units if the underwriters exercise their option to purchase additional common units.
Common units we are offering to our general partner in a private offering concurrently with this offering	559,035 common units, or 642,891 common units if the underwriters exercise their over-allotment option in full. The per unit price for the sale to our general partner will be equal to the per unit price offered to the public through this prospectus supplement, less an amount equal to any underwriting discounts and fees that would apply if those units had been offered to the public.
Common units to be outstanding after this offering	35,877,567 common units, or 37,011,423 common units if the underwriters exercise their option to purchase additional common units.
Use of proceeds	We will receive net proceeds (after deducting underwriting discounts and estimated offering expenses) from this offering, our concurrent offering to our general partner and the contribution from our general partner to maintain its 2% general partner interest of approximately $165.9 million. We will use the net proceeds for general partnership purposes, including temporarily repaying indebtedness under our credit facility and, ultimately, funding a portion of our future growth expenditures.
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.
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.
Risk factors	An investment in our common units involves risk. See Risk factors beginning on page S-16 of this prospectus supplement and page 2 of the accompanying base prospectus 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 2009, 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 Tax considerations on page S-37 for the basis of this estimate.
Material 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 Tax Consequences in the accompanying base prospectus.
American Stock Exchange symbol	GEL.

Summary historical and pro forma financial data

We have derived (i) the summary historical financial data as of and for each of the years in the three-year period ended December 31, 2006 from our audited financial statements and related notes, (ii) the summary unaudited pro forma financial data for the year ended December 31, 2006 from our unaudited pro forma combined financial statements, (iii) the summary unaudited historical financial data as of and for the nine months ended September 30, 2006 and 2007 from our unaudited financial statements and (iv) the summary unaudited pro forma financial data as of and for the nine months ended September 30, 2007 from our unaudited pro forma combined financial statements. Pro forma information assumes that the Davison acquisition was consummated as of January 1.

You should read the information below in conjunction with our historical interim and year-end financial statements.

	Actual					Pro Forma[1]	
	Years ended December 31,			Nine months ended September 30,		Year ended December 31,	Nine months ended September 30,
	2004	2005	2006	2006	2007	2006	2007
	(dollars in thousands, except per unit amounts)						
Income Statement Data:							
Revenues	$ 927,143	$ 1,078,739	$ 918,369	$ 726,496	$ 738,850	$ 1,479,174	$ 1,113,927
Operating (loss) income	(23)	5,220	8,584	7,415	7,304	25,319	19,619
(Loss) Income from Continuing Operations	(949)	3,689	8,351	7,700	1,912	156(2)	(1,234)
(Loss) Income from Continuing Operations per limited partnership unit diluted	$ (0.10)	$ 0.38	$ 0.59	$ 0.55	$ 0.11	$ 0.01(2)	$ (0.04)
Balance Sheet Data (at period end):							
Total assets	$ 143,154	$ 181,777	$ 191,087	$ 192,982	$ 894,640		
Long-term debt	15,300		8,000	6,000	285,000		
Partners capital	45,239	87,689	85,662	87,824	436,793		
Other Financial Data:							
Segment Margin[3]							
Pipeline Transportation	$ 8,543	$ 9,804	$ 12,426	$ 9,862	$ 8,858	$ 12,426	$ 8,858
Refinery Services					8,545	44,716	37,486
Supply and Logistics	4,034	3,661	7,366	6,074	7,986	24,321	17,685
Industrial Gases	5,762	8,154	11,443	8,808	8,804	11,443	8,804
Total Segment Margin:	$ 18,339	$ 21,619	$ 31,235	$ 24,744	$ 34,193	$ 92,906	$ 72,833
Adjusted EBITDA[4]	$ 8,610	$ 14,711	$ 21,161	$ 16,351	$ 24,185	$ 74,855	$ 58,715

Available Cash before Reserves[5]	6,282	11,136	18,831	15,157	15,036
Maintenance Capital Expenditures[6]	939	1,543	967	560	2,842

(1) *Pro forma amounts were prepared assuming that the Davison acquisition was consummated as of January 1 for each period for which income statement data is presented. Per unit amounts assume the common units issued to the Davison family and the common units purchased by our general partner were outstanding January 1 of each period. These amounts were prepared based upon assumptions deemed appropriate by Genesis and may not be indicative of actual results.*

(2) *This amount differs from the pro forma amount reflected in our Form 8-K/A filed on October 10, 2007 due to the effects of including approximately $3.6 million pro forma estimated federal and state income tax expense.*

(3) *Segment margin was calculated as revenues less cost of sales and operations expense. It includes our share of the operating income of equity joint ventures. A reconciliation of segment margin (a non-GAAP measure) to income from continuing operations before income taxes (the GAAP measure) is on page S-15. Our Supply and Logistics segment was previously*

known as our Crude Oil Gathering and Marketing segment. With the Davison acquisition, we expanded our operations into petroleum products and other transportation services, and combined these operations due to their similarities and our approach to managing these operations. We also added a new segment for the Refinery Services business acquired in the Davison acquisition.

(4) Adjusted EBITDA was calculated as net income from continuing operations before interest, income taxes, depreciation and amortization, and non-cash income or loss related to (i) derivative instruments, (ii) our stock appreciation rights plan and (iii) miscellaneous items. A reconciliation of Adjusted EBITDA (a non-GAAP measure) to income from continuing operations and to operating cash flows (the GAAP measures) is on page S-15.

(5) Available cash before reserves was calculated as income from continuing operations with several adjustments, the most significant of which are the elimination of gains and losses on asset sales, except those from the sale of surplus assets, the addition of non-cash expenses such as depreciation, the replacement of the amount recognized as our equity in the income of joint ventures with the available cash generated from those ventures, and the subtraction of maintenance capital expenditures. A reconciliation of Adjusted EBITDA (a non-GAAP measure) to income from continuing operations and to operating cash flows (the GAAP measures) is on page S-15.

(6) Maintenance capital expenditures are capital expenditures to replace or enhance partially or fully depreciated assets to sustain the existing operating capacity or efficiency of the assets and extend their useful lives. Genesis expects maintenance capital expenditures related to the Davison businesses to be approximately $4 million to $5 million per year after 2008. Maintenance capital expenditures for the historical Genesis operations are expected to average $1.5 million per year.

Reconciliation of Non-GAAP financial measures

We believe that investors benefit from having access to the same financial measures being utilized by management. The measures used by management include Segment margin, Adjusted EBITDA and Available Cash before Reserves.

Segment margin forms the basis of our internal financial reporting and is used by senior management in deciding how to allocate capital resources among business segments. The U.S. Generally Accepted Accounting Principles, or GAAP, measure most directly comparable to total segment margin is income before income taxes and cumulative effect adjustment. We define and calculate segment margin as revenues less costs of sales and operating expenses. This measure is exclusive of depreciation and amortization, general and administrative expenses, and any gains or losses on asset disposals. We have reconciled segment margin to income before income taxes and cumulative effect adjustment in the tables below.

We define Adjusted EBITDA as net income before interest, income taxes, depreciation and amortization, and non-cash income or loss related to (i) derivative instruments, (ii) our stock appreciation rights plan and (iii) miscellaneous items. Adjusted EBITDA is used as a supplemental financial measure by our management and by external users of our financial statements such as investors, commercial banks and others, to assess:

- Ø the financial performance of our assets without regard to financing methods, capital structure or historical cost basis;
- Ø our operating performance and return on capital as compared to other companies in the midstream energy sector, without regard to financing or capital structure; and
- Ø the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

The economic substance behind management s use of Adjusted EBITDA is to measure the ability of our assets to generate cash sufficient to pay interest costs, support our indebtedness, and make distributions to our unitholders. The GAAP measures most directly comparable to Adjusted EBITDA are net cash provided by operating activities and income from continuing operations. We have reconciled Adjusted EBITDA to these measures in the tables below.

Available Cash before Reserves is a non-GAAP liquidity measure used by our management to compare cash flows generated by us to the cash distribution we pay to our limited partners and the general partner. This is an important financial measure to our public unitholders since it is an indicator of our ability to provide a cash return on their investment. Specifically, this financial measure tells unitholders whether or not we are generating cash flows at a level that can support a quarterly cash distribution to our unitholders. Lastly, Available Cash (also referred to as distributable cash flow) is a quantitative standard used throughout the investment community with respect to publicly-traded partnerships.

Several adjustments to net income are required to calculate Available Cash before Reserves. These adjustments include: (1) the addition of non-cash expenses such as depreciation and amortization expense; (2) miscellaneous non-cash adjustments such as the addition of decreases or the subtraction of increases in the accrual for our stock appreciation rights plan expense and the value of financial instruments; and (3) the subtraction of maintenance capital expenditures. Maintenance capital expenditures are capital expenditures to replace or enhance partially or fully depreciated assets in order to sustain the existing operating capacity or efficiency of our assets and extend their useful lives.

The GAAP measure most directly comparable to Available Cash before Reserves is cash flow from operating activities. We have reconciled cash flow from operating activities to Available Cash before Reserves in the tables below.

Our non-GAAP financial measures of Adjusted EBITDA and Available Cash before Reserves should not be considered as alternatives to GAAP net cash provided by operating activities and GAAP income from continuing operations. Adjusted EBITDA and Available Cash before Reserves are not presentations made in accordance with GAAP and have important limitations as analytical tools. You should not consider Adjusted EBITDA or Available Cash before Reserves in isolation or as substitutes for analysis of our results as reported under GAAP. Because Adjusted EBITDA and Available Cash before Reserves exclude some, but not all, items that affect net income and net cash provided by operating activities and are defined differently by different companies in our industry, our definition of Adjusted EBITDA and Available Cash before Reserves may not be comparable to similarly titled measures of other companies.

Management compensates for the limitations of Adjusted EBITDA and Available Cash before Reserves as analytical tools by reviewing the comparable GAAP measures, understanding the differences between the measures and incorporating this information into management s decision-making processes.

Reconciliation of Non-GAAP Financial Measures

	Years ended December 31, 2004	2005	2006	Nine months ended September 30, 2006	2007
Reconciliation of Segment Margin to Income from Continuing Operations					
Segment Margin excluding depreciation and amortization	$ 18,339	$ 21,619	$ 31,235	$ 24,744	$ 34,193
General and administrative expenses	(11,031)	(9,656)	(13,573)	(10,448)	(13,652)
Depreciation and amortization	(7,298)	(6,721)	(7,963)	(6,000)	(12,346)
Net (loss) gain on disposal of surplus assets	(33)	479	16	38	24
Interest expense, net	(926)	(2,032)	(1,374)	(645)	(5,248)
(Loss) income from continuing operations before income taxes and cumulative effect adjustment	$ (949)	$ 3,689	$ 8,341	$ 7,689	$ 2,971
Reconciliation of Income from Continuing Operations to Adjusted EBITDA					
(Loss) income from continuing operations	$ (949)	$ 3,689	$ 8,351	$ 7,700	$ 1,912
Adjustments to reconcile income from continuing operations to Adjusted EBITDA:					
Depreciation & Amortization	7,298	6,721	7,963	6,000	12,346
Net Interest Expense	926	2,032	1,374	645	5,248
Income Taxes			(11)	(11)	1,059
Unrealized (gains)/losses FAS 133		(6)	(34)	(12)	833
Cash received from direct financing leases not included in income	39	441	531	394	422
Stock appreciation rights expense, net of payments	1,151	(541)	1,565	614	1,696
Estimated cash from joint ventures in excess of equity income recorded		836	1,401	988	664
Proceeds from sales of certain assets, net of gain or loss recognized	145	1,106	51	29	171
Other non-cash (income) expense		433	(30)	4	(166)
Adjusted EBITDA	$ 8,610	$ 14,711	$ 21,161	$ 16,351	$ 24,185
Reconciliation of Operating Cash Flows to Adjusted EBITDA					
Cash flows from operating activities	$ 9,702	$ 9,490	$ 11,262	$ 6,722	$ 25,653
Adjustments to reconcile operating cash flows to Adjusted EBITDA:					
Net interest expense	926	2,032	1,374	645	5,248

Income Taxes			(11)	(11)	1,059
Proceeds from sales of certain assets	112	1,585	67	67	195
Amortization of credit facility issuance fees	(373)	(373)	(969)	(279)	(509)
Cash effects of stock appreciation rights plan		(61)	(364)	(271)	(1,447)
Effect of available cash generated by investments in joint ventures not included in cash flows from operating activities		848	967	756	303
Discontinued operations	463				
Other items affecting Adjusted EBITDA			(38)	(64)	
Net effect of changes in working capital accounts not included in calculation of Adjusted EBITDA	(2,220)	1,190	8,873	8,786	(6,317)
Adjusted EBITDA	$ 8,610	$ 14,711	$ 21,161	$ 16,351	$ 24,185
Reconciliation of Operating Cash Flows to Available Cash before reserves					
Cash flows from operating activities	$ 9,702	$ 9,490	$ 11,262	$ 6,722	$ 25,653
Adjustments to reconcile operating cash flows to Available Cash:					
Maintenance capital expenditures	(939)	(1,543)	(967)	(560)	(2,842)
Proceeds from sales of certain assets	112	1,585	67	67	195
Amortization of credit facility issuance fees	(373)	(373)	(969)	(279)	(509)
Cash effects of stock appreciation rights plan		(61)	(364)	(271)	(1,447)
Effect of available cash generated by investments in joint ventures not included in cash flows from operating activities		848	967	756	303
Other items affecting Available Cash			(38)	(64)	
Net effect of changes in working capital accounts not included in calculation of Available Cash	(2,220)	1,190	8,873	8,786	(6,317)
Available Cash before reserves	$ 6,282	$ 11,136	$ 18,831	$ 15,157	$ 15,036

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 2 of the accompanying base prospectus as well as the section entitled Risk Factors included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2007, and the other documents incorporated by reference into this prospectus supplement, prior to investing in our common units. If any of these 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. Some of the risks discussed in the base prospectus as well as the documents incorporated by reference into this prospectus supplement are summarized below.

RISKS RELATED TO OUR BUSINESS

Ø Our growth strategy may adversely affect our results of operations if we do not successfully integrate our refinery services division and other assets that we acquired in July 2007 and any other businesses that we acquire or if we substantially increase our indebtedness and contingent liabilities to make acquisitions.

Ø We may not be able to fully execute our growth strategy if we are unable to raise debt and equity capital at an affordable price.

Ø We may not have sufficient cash from operations to pay the current level of quarterly distribution following the establishment of cash reserves and payment of fees and expenses, including payments to our general partner.

Ø Our indebtedness could adversely restrict our ability to operate, affect our financial condition, and prevent us from complying with our requirements under our debt instruments and could prevent us from paying cash to our unitholders.

Ø Our profitability and cash flow is dependent on our ability to increase or, at a minimum, maintain our current commodity oil, refined products, NaHS, natural gas and CO_2 volumes, which often depends on actions and commitments by parties beyond our control.

Ø We face intense competition to obtain commodity volumes in our supply and logistics segment, and fluctuations in commodity prices could adversely affect our business.

Ø Our operations are dependent upon demand for oil by refiners in the Midwest and on the Gulf Coast.

Ø We are exposed to the credit risk of our customers in the ordinary course of our oil gathering and marketing activities.

Ø Our operations are subject to federal and state environmental protection and safety laws and regulations, and FERC regulation and a changing regulatory environment could affect our cash flow.

Ø Our CO_2 operations primarily relate to our volumetric production payment interests, which are a finite resource and projected to deplete around 2016, and our CO_2 operations are exposed to risks related to Denbury s operation of their CO_2 fields, equipment and pipeline.

Ø Fluctuations in demand for CO_2 by our industrial customers could materially adversely impact our profitability, results of operations and cash available for distribution.

- Our wholesale CO_2 industrial operations are dependent on five customers and our syngas operations are dependent on one customer.

- Our refinery services division is dependent on contracts with eight refineries, and a few of our refineries represent a majority of our refinery services business, with ConocoPhillips representing approximately 65% of our refinery service business.

Risk factors

Ø Our actual construction, development and acquisition costs could exceed our forecast, and our cash flow from construction and development projects may not be immediate.

Ø Fluctuations in interest rates could adversely affect our business, and our use of derivative financial instruments could result in financial losses.

Ø A natural disaster, catastrophe, terrorist attack or other interruption event involving us could result in severe personal injury, property damage and/or environmental damage, which could curtail our operations and otherwise adversely affect our assets and cash flow.

Ø We cannot cause our joint ventures to take or not to take certain actions unless some or all of the joint venture participants agree.

Ø Our refinery services operations are dependent upon the supply of caustic soda and the demand for NaHS, as well as the operations of the refiners for whom we process sour gas.

Ø Our operating results from trucking operations acquired from the Davison family may fluctuate and may be materially adversely affected by economic conditions and business factors unique to the trucking industry.

Ø Denbury is the only shipper (other than us) on our Mississippi System, and Denbury and its affiliates have conflicts of interest with us and limited fiduciary responsibilities, which may permit them to favor their own interests to unitholder detriment.

RISKS RELATED TO OUR PARTNERSHIP STRUCTURE

Ø Even if unitholders are dissatisfied, they cannot easily remove our general partner.

Ø The control of our general partner may be transferred to a third party without unitholder consent, which could affect our strategic direction and liquidity.

Ø Our general partner and its affiliates may sell units or other limited partner interests in the trading market, which could reduce the market price of common units.

Ø Our general partner has anti-dilution rights.

Ø Due to our significant relationships with Denbury, adverse developments concerning Denbury could adversely affect us, even if we have not suffered any similar developments.

Ø We may issue additional common units without unitholder s approval, which would dilute their ownership interests.

Ø Our general partner has a limited call right that may require unitholders to sell their common units at an undesirable time or price.

Ø

The interruption of distributions to us from our subsidiaries and joint ventures may affect our ability to make payments on indebtedness or cash distributions to our unitholders.

Ø We do not have the same flexibility as other types of organizations to accumulate cash and equity to protect against illiquidity in the future.

TAX RISKS TO COMMON UNITHOLDERS

Ø Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as our not being subject to a material amount of entity-level taxation by individual states. A publicly-traded partnership can lose its status as a partnership for a number of reasons, including if more than 90% of its gross income is not from sources that constitute qualifying income. The present tax treatment of publicly traded partnerships, including us, or an investment in our common units may be modified at any time. If the IRS were to treat us as a corporation or if we were to become subject

Risk factors

to a material amount of entity-level taxation for state tax purposes, then our cash available for distribution to unitholders would be substantially reduced.

- Ø A successful IRS contest of the federal income tax positions we take may adversely affect the market for our common units, and the cost of any IRS contest will reduce our cash available for distribution to our unitholders and our general partner.
- Ø Unitholders will be required to pay taxes on income from us even if they do not receive any cash distributions from us, and tax gain or loss on disposition of common units could be different than expected.
- Ø Tax-exempt entities and foreign persons face unique tax issues from owning common units that may result in adverse tax consequences to them.
- Ø We registered as a tax shelter under prior law. This may increase the risk of an IRS audit of us or a unitholder.
- Ø We will treat each purchaser of common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of our common units.
- Ø Unitholders will likely be subject to state and local taxes in states where they do not live as a result of an investment in the common units.
- Ø We have subsidiaries that are treated as corporations for federal income tax purposes and subject to corporate-level income taxes.
- Ø We have adopted certain valuation methodologies that may result in a shift of income, gain, loss and deduction between the general partner and the unitholders. The IRS may challenge this treatment, which could adversely affect the value of the common units.
- Ø The sale or exchange of 50% or more of our capital and profits interests during any twelve-month period will result in the termination of our partnership for federal income tax purposes.

Use of proceeds

We will receive net cash proceeds (after payment of underwriting discounts and estimated offering expenses) from this offering ($150.3 million), our concurrent offering to our general partner ($12.1 million) and the contribution of cash from our general partner ($3.5 million) totaling approximately $165.9 million. The underwriters will receive no discount or commission on the common units sold to our general partner. We will use the net proceeds for general partnership purposes, which may include, among other things, temporarily repaying indebtedness under our credit facility, acquiring assets (including purchasing businesses and constructing facilities), paying distributions and satisfying working capital requirements. During the last 12 months, we have used proceeds from our credit facility for general partnership purposes, including:

- Ø partial consideration for the Davison acquisition (net of cash acquired at closing) ($293 million);
- Ø acquiring and constructing pipelines and related infrastructure facilities ($2.8 million);
- Ø acquiring terminal and dock facilities ($8.1 million); and
- Ø satisfying working capital requirements.

On September 30, 2007, the weighted average interest rate on the debt was 9.00%. Our credit facility matures on November 15, 2011.

Capitalization

The following table sets forth as of September 30, 2007:

- Ø our capitalization on a consolidated actual basis; and
- Ø our pro forma capitalization on a consolidated basis, as adjusted to reflect (1) the aggregate net proceeds of approximately $165.9 million we expect to receive from this offering, our concurrent offering to our general partner and the contribution from our general partner to maintain its 2% general partner interest and (2) the use of the net proceeds as described under Use of proceeds.

We derived this table from, and it should be read in conjunction with, and is qualified in its entirety by reference to, our historical consolidated financial statements and the notes to those financial statements that are incorporated by reference in this prospectus supplement.

	As of September 30, 2007	
	Actual	**Pro forma**
	(unaudited) (in thousands)	
Long-term debt	$ 285,000	$ 119,116
Partners capital:		
Common unitholders	428,993	591,413
General partner	7,800	11,264
Total partners capital	436,793	602,677
Total capitalization	$ 721,793	$ 721,793

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, which is filed as an exhibit to our Annual Report on Form 10-K for the year ended December 31, 2006. 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.

At September 30, 2007, there were 28,318,532 common units outstanding, held by approximately 5,880 record holders and beneficial owners (held in street name), including 2,094,323 common units held by our general partner and 13,459,209 held by the Davison family. The common units are traded on the 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 AMEX, and the declared cash distributions for the common units in each quarter. The last reported sale price of common units on the AMEX on November 26, 2007 was $22.52 per unit. On November 14, 2007 we paid a cash distribution of $0.27 per unit for the quarter ended September 30, 2007. That distribution represents a 17% increase from our distribution of $0.23 per unit for the second quarter of 2007 which was paid during the third quarter of 2007.

	Price range per common unit		**Cash distributions per common unit[(1)]**
	High	**Low**	
Fiscal Year Ending December 31, 2007			
Fourth Quarter[(2)]	$ 28.62	$ 22.27	$ 0.27
Third Quarter	37.50	27.07	0.23
Second Quarter	35.98	20.01	0.22
First Quarter	22.01	18.76	0.21
Fiscal Year Ended December 31, 2006			
Fourth Quarter	$ 20.65	14.48	$ 0.20
Third Quarter	19.18	11.20	0.19
Second Quarter	14.14	10.25	0.18
First Quarter	12.85	11.25	0.17
Fiscal Year Ended December 31, 2005			
Fourth Quarter	$ 12.00	9.61	$ 0.16
Third Quarter	12.15	9.22	0.15

Second Quarter	10.00	8.25	0.15
First Quarter	12.60	8.50	0.15

(1) *Cash distributions are shown in the quarter paid.*

(2) *Through November 26, 2007*

Business

This Business section summarizes certain information about our business and properties from the documents incorporated by reference, particularly the more complete business description contained in our Annual Report on Form 10-K for the year ended December 31, 2006. You should read carefully this and the other documents incorporated by reference to understand fully our business and properties. See Where you can find more information.

OVERVIEW

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 have a diverse portfolio of customers, operations and assets, including refinery-related plants, pipelines, storage tanks and terminals, and trucks and truck terminals. We provide services to refinery owners; oil, natural gas and CO_2 producers; industrial and commercial enterprises that use CO_2 and other industrial gases; and individuals and companies that use our dry-goods trucking services. 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 manage our businesses through four divisions which are our reportable segments:

- *Pipeline Transportation:* We transport oil and, to a lesser extent, natural gas and CO_2 in the Gulf Coast region of the U.S. through approximately 500 miles of pipeline. We own and operate three oil common carrier pipelines, a small CO_2 pipeline and several small natural gas pipelines. Our pipeline systems include a total of approximately 0.7 million barrels of leased and owned tankage.

- *Refinery Services:* We provide services to eight refining operations located predominantly in Texas, Louisiana and Arkansas. These refineries generally are owned and operated by large companies, including ConocoPhillips, Citgo and Ergon. Our refinery services primarily involve processing high sulfur (or sour) natural gas streams, which are separated from hydrocarbon streams, to remove the sulfur. Our refinery services contracts, which usually have an initial term of two to ten years, have an average remaining term of five years.

- *Supply and Logistics:* We provide terminaling, blending, storing, marketing, gathering and transporting by trucks, and other supply and logistics services to third parties, as well as to support our other businesses. We own or lease approximately 300 trucks, 600 trailers and almost 1.5 million barrels of liquid storage capacity at eleven different locations. Our terminaling, blending, marketing and gathering activities are focused on oil and petroleum products, primarily fuel oil.

- *Industrial Gases:* We supply CO_2 to five industrial customers under long-term, back-to-back, agreements. In addition, through our 50% interest in Sandhill Group, LLC, we process raw CO_2 for sale to other customers for uses ranging from completing oil and natural gas producing wells to food processing. Through our 50% interest in T&P Syngas Supply Company, we also process syngas (a combination of carbon monoxide and hydrogen), which T&P Syngas sells to Praxair Inc., the other 50% owner.

We conduct our business through subsidiaries and joint ventures. As is customary with MLPs, our general partner is responsible for operating our business, including providing all necessary personnel and other resources.

OUR RELATIONSHIP WITH DENBURY RESOURCES INC.

We continue to benefit from our strategic affiliation with Denbury, which indirectly owns 100% of our general partnership interest, 100% of our incentive distribution rights and, prior to the closing of this

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offering, a 7.2% interest in us (represented by 2,094,323 of our outstanding common units). Denbury, which had an equity market capitalization of approximately $6.9 billion as of October 31, 2007, operates primarily in Mississippi, Louisiana and Texas. As a result of its emphasis on the tertiary recovery of oil using CO_2 flooding, Denbury has become the largest producer (based on average barrels produced per day) of oil in Mississippi.

Denbury is a uniquely situated oil company. It is one of only a handful of producers in the U.S. that possesses CO_2 tertiary recovery expertise along with large deposits of low-cost CO_2 reserves, estimated to contain approximately 5.5 trillion cubic feet of estimated proved CO_2 reserves as of December 31, 2006. Other than the CO_2 reserves owned by Denbury, we do not know of any significant natural sources of CO_2 from East Texas to Florida. Denbury is conducting the largest CO_2 tertiary recovery operations in the Eastern Gulf Coast of the U.S., an area with many mature oil reservoirs that potentially contain substantial volumes of recoverable oil. In addition to the amounts it has already expended on the Free State and North East Jackson Dome, or NEJD, CO_2 pipelines, Denbury has announced that it expects to spend approximately $775 million between December 31, 2007 and the end of 2009 to build CO_2 pipelines to support its tertiary oil recovery expansions.

We believe Denbury has strong economic and strategic incentives to furnish business opportunities to us. In fact, Denbury has indicated that it plans to use us as a vehicle to provide its midstream infrastructure needs, particularly with respect to CO_2 pipelines. We believe Denbury is likely to provide us with future growth opportunities due to the following additional factors, among others:

Ø Denbury s stated intent for us to function as a provider of pipelines and gathering systems necessary to support its operations;

Ø Denbury s significant economic and strategic interests in us;

Ø the close proximity of certain of Denbury s assets and operations to certain of our assets and operations; and

Ø the extent of Denbury s growth capital requirements.

Denbury has announced its intention, which it can change at any time, to drop down to us certain midstream assets over time, at its discretion. Denbury intends to consider offering $1.00 of drop down transactions to us for each $1.50 of non-Denbury-related capital we economically deploy. For example, because we have consummated the Davison acquisition for approximately $623 million (net of cash acquired at closing and subject to final purchase price adjustments), Denbury is willing to discuss with us drop down transactions of approximately $400 million.

We believe there is a broad array of transactions that we could explore with Denbury which could result in strong growth opportunities for us, including acquiring (through purchase, construction, lease or otherwise) CO_2, oil and/or natural gas gathering and transportation pipelines and related midstream infrastructure; transporting CO_2; transporting, gathering and storing oil and/or natural gas; and enhancing our industrial gases opportunities. In August, both Denbury and we announced our intention to enter into negotiations regarding specific transactions. See *Recent Events Announced Potential Denbury Drop Down Transactions* below.

Although our relationship with Denbury may provide us with a source of acquisition and other growth opportunities, Denbury is not obligated to enter into any transactions with (or to offer any opportunities to) us or to promote our interest, and none of Denbury or any of its affiliates (including our general partner) has any obligation or commitment to contribute or sell any assets to us or enter into any type of transaction with us, and each of them, other than our general partner, has the right to act in a manner that could be beneficial to its interests and detrimental to ours. Further, Denbury may, at any time, and without notice, alter its business strategy, including determining that it no longer desires to use us as a provider of its midstream infrastructure. Additionally, even if Denbury were to

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make one or more offers to us, we cannot say that we would elect to pursue or consummate any such opportunity. In addition, though our relationship with Denbury is a significant strength, it also is a source of potential conflicts. Please read *Summary of Conflicts of Interest and Fiduciary Duties.*

OUR OBJECTIVES AND STRATEGIES

Our primary business objectives are to generate stable cash flows to 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:

- *Expanding our asset base through strategic and accretive acquisitions with third parties and Denbury.* We intend to expand our asset base through strategic and accretive acquisitions from Denbury and third parties in new and existing markets. Such acquisitions could be structured as, among other things, purchases, leases, tolling or similar agreements or joint ventures.

- *Expanding our asset base through strategic construction and development projects with third parties and Denbury.* We intend to expand our asset base through strategic and accretive construction and developments projects, or joint ventures, in new and existing markets.

- *Optimizing our CO_2 and other industrial gases expertise and infrastructure.* We intend to optimize our CO_2 and other industrial gases expertise to create growth opportunities.

- *Leveraging our oil handling capabilities with Denbury s tertiary recovery projects.* Because we have facilities in close proximity to some properties on which Denbury is conducting tertiary recovery operations, we believe we are likely to have the opportunity to provide oil transportation, gathering, blending and marketing services to them and other producers as production from those properties increases.

- *Attracting new refinery customers and expanding the services we provide those customers.* We expect to attract new refinery customers as more sour crude is imported (or produced) and refined in the U.S., and we plan to expand the services we provide to our refinery customers by offering an array of services that is broader than those offered by the Davisons, leveraging our strong relationships with refinery owners and producers and deploying our proprietary knowledge.

- *Increasing the utilization rates and enhancing the profitability of our existing assets.* We intend to increase the utilization rates and, thereby, enhance the profitability of our existing assets. We own some pipelines and terminals that have available capacity and others that we can increase the capacity for a relatively nominal amount.

- *Increasing stable cash flows generated through fee based services, long-term contractual arrangements and managing commodity price risks.* We intend to generate more stable cash flows, when practical, by (i) emphasizing fee-based compensation under long-term contracts, and (ii) using contractual arrangements, including back-to-back contracts and derivatives. We charge fee-based arrangements for substantially all of our services. We are able to enter into longer term contracts with most of our customers in our refinery services and industrial gases divisions. Our marketing activities do not include speculative transactions. While our refinery services division has some exposure to monthly changes in the prices of caustic soda and sodium hydrosulfide, also referred to as NaHS, a natural by-product of those operations, prices for those commodities are not as volatile as prices for oil, natural gas and their derivatives.

- Ø *Maintaining a balanced and diversified portfolio of midstream energy and industrial gases assets, operations and customers.* We intend to maintain a balanced and diversified portfolio of midstream energy and industrial gases assets, operations and customers. While we have the capability to provide an ever increasing array of integrated services to both producers and refineries, we believe our cash

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flows will continue to be relatively stable due to the diversity of our base of customers, the nature of our services and the geographic location of our operations.

Ø *Creating strategic arrangements and sharing capital costs and risks through joint ventures and strategic alliances.* We intend to continue to create strategic arrangements with customers and other industry participants and to share capital costs and risks through the formation and operation of joint ventures and strategic alliances.

Ø *Maintaining, on average, a conservative capital structure that will allow us to execute our growth strategy while, over the longer term, enhancing our credit ratings.* We intend to maintain, on average, a conservative capital structure that will allow us to execute our growth strategy while, over the longer term, enhancing our credit ratings.

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:

Ø *Relationship with Denbury.* We have a strong relationship with Denbury, the indirect owner of our general partner. Denbury has indicated that it intends to use us as a vehicle to provide its midstream infrastructure needs particularly with respect to CO_2 pipelines. Denbury has announced its intent, which it can change at any time, to drop down to us certain midstream assets over time, at its discretion. Denbury intends to consider offering $1.00 of drop down transactions to us for each $1.50 of non-Denbury-related capital we economically deploy. We believe Denbury has strong economic and strategic incentives to provide business opportunities to us in the form of acquisitions, leases, transportation agreements and other transactions. We also believe that, if we can become an instrumental component of Denbury s future development projects, we can leverage those operations (and our relationship with Denbury) into oil transportation and storage opportunities with third parties, such as other producers and refinery operators, in the areas into which Denbury expands its operations.

Ø *Experienced, Knowledgeable and Motivated Senior Management Team with Proven Track Record.* Our senior management team has over 40 years of combined 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. Their acquisition and development, commercial, operational, technical, marketing and financial expertise and their extensive industry contacts provide a strong platform from which we can grow our asset base (through purchases and construction and development projects) and improve our operating efficiencies. To help ensure that our senior management team is incentivized to execute our growth strategy in a manner that is accretive on a distribution per unit basis, our general partner has undertaken to negotiate definitive agreements relating to an incentive compensation arrangement to provide the members of our senior management team with the opportunity to earn up to a 20% interest in our general partner if certain performance criteria are met. Those performance criteria primarily relate to the dollar amount of acquisitions we consummate (including development projects, but excluding acquisitions from Denbury and its affiliates), provided such expenditures earn (using a look-back provision) a certain minimum, un-levered return on investment.

Ø *Unique Platform, Limited Competition and Anticipated Growing Demand in Refinery Services Operations.* We provide services to eight refining operations located predominately in Texas, Louisiana and Arkansas, which are owned and operated by companies such as ConocoPhillips and Citgo. Our refinery services primarily involve processing sour natural gas streams, which are

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separated from hydrocarbon streams, to remove the sulfur. Refineries contract with us for a number of reasons, including the following:

- sulfur handling and removal is typically not a core business of our refinery customers, especially our proprietary processes that result in the by-product of NaHS;

- over a long period of time, we have developed and maintained strong relationships with our refinery services customers, which are based on our reputation for high standards of performance, reliability and safety;

- the sulfur removal process we use, the NaHS sulfur removal process, is generally more reliable and less capital and labor intensive from the conventional Claus process employed at most refineries;

- we have experience in, and we possess the specialized knowledge and expertise to use, the NaHS sulfur removal process;

- we have the scale of operations and supply and logistics capabilities to make the NaHS sulfur removal process extremely reliable as a means to remove sulfur efficiently working in concert with the refineries to insure uninterrupted refinery operations;

- other than each individual refinery, we do not have many competitors in the sulfur removal business; and

- we believe that the demand for sulfur removal at U.S. refineries will increase in the years ahead as the quality of the oil supply used by refineries in the U.S. continues to drop (or become more sour). As that occurs, we believe more refineries will seek economic and proven sulfur removal processes from reputable service providers that have the scale and logistical capabilities to efficiently perform such services. In addition, we have an increasing array of services we can offer to our refinery customers.

Ø *Supply and Logistics Division Supports Full Suite of Services.* In addition to its established customers, our supply and logistics division can, from time to time, attract customers to our other divisions and/or create synergies that may not be available to our competitors. Several examples include:

- our refinery services division can effectively compete with refineries, on a stand alone basis, to remove sulfur partially due to the synergies created from our ability to economically source, transport and store large supplies of caustic soda (the main input into the NaHS sulfur removal process), as well as our ability to store, transport and market NaHS;

- our pipeline transportation division receives throughput related to the gathering and marketing services our supply and logistics division provides to producers;

- our supply and logistics division gives us the opportunity to bundle services in certain circumstances; for example, in the future, we hope to gather disparate qualities of oil and use our terminal and storage assets to customize blends for some of our refinery customers; and

- our supply and logistics division gives us the opportunity to blend/store and distribute products made by our refinery customers.

- Ø *Diversified and Balanced Portfolio of Customers, Operations and Assets.* We have a diversified and well-balanced portfolio of customers, operations and assets throughout the Gulf Coast region of the U.S. Our operations and assets include refinery-related plants, transportation and gathering pipelines, oil and refined petroleum product storage tanks and terminals, industrial gas plants, and truck terminals supporting a fleet of approximately 300 trucks and 600 trailers that transport oil, intermediate and finished refined products, caustic soda, NaHS and other goods. We service refinery

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owners; oil, natural gas and CO_2 producers; industrial and commercial enterprises that use CO_2 and other industrial gases; and individuals and companies that use our dry-goods trucking services. Our assets and operations are characterized by:

- *Strategic Locations.* Our oil pipelines and related assets are predominately located near areas that are experiencing increasing oil production, in large part because of Denbury s tertiary recovery operations, and in and around inland refining operations, many of which are contemplating expansion.

- *Cost-Effective Expansion and Enhancement Opportunities.* We own pipelines, terminals and other assets that have available capacity or that have opportunities for expansion of capacity without incurring material expenditures. Our available capacity allows us to increase our revenues with little or no additional cost to us, and our expansion capability allows us to increase our asset base, as needed, in a cost-effective manner.

- *Cash Flow Stability.* Our cash flow is relatively stable due to a number of factors, including our long-term, fee-based contracts with our refinery services and industrial gases customers, our diversified base of customers, assets and services, and our relatively low exposure to volatile fluctuations in commodity prices.

Ø *Financial Flexibility.* After we complete the offering contemplated by this prospectus supplement, we believe we will have the financial flexibility to pursue additional growth projects. As of September 30, 2007, we had $285 million of loans and $4.7 million in letters of credit outstanding under our $500 million credit facility, resulting in $90.4 million of remaining credit availability under our borrowing base. In addition, any new acquisitions that we complete will have the potential to increase our borrowing base, subject to specified limitations and lender consent. We will use the proceeds of this offering for general partnership purposes, including temporarily paying down the outstanding balance under our credit facility and, ultimately, indirectly funding certain acquisitions. If we use $165.9 million, or all of the net proceeds relating to this offering (including proceeds received from our general partner), to reduce indebtedness under our credit facility, we will have $256.3 million of remaining credit availability under our borrowing base. We believe this offering and our credit facility will provide us with the financial flexibility to fund our short term operations and strategic growth plan and to facilitate our longer-term expansion and acquisition strategies, which include accessing the capital markets from time to time to fund future growth.

RECENT EVENTS

Acquisition of Refinery Services Division and Other Businesses

On July 25, 2007, we acquired five energy-related businesses, including the operations that comprise our refinery services division, from several entities owned and controlled by the Davison family of Ruston, Louisiana. The other businesses we acquired from the Davisons transport, store, procure and market petroleum products and other bulk commodities and are included in our supply and logistics division. Our acquisition agreement with the Davisons provided that we would deliver to them $563 million of consideration, half in common units (13,459,209 common units at an agreed-to value of $20.8036 per unit) and half in cash. In addition, we agreed to adjust the cash portion of the consideration in connection the value of working capital, inventory and other specified adjustment matters.

Our financial statements at September 30, 2007 reflect a total acquisition price of $631 million, which includes the preliminary purchase price adjustments, our transaction costs, working capital acquired, net of cash acquired, and a valuation of the units at $24.52 per unit, which was the average closing price of our units during the five trading day period ending two days after we signed the acquisition agreement.

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The Davison family is our largest unitholder, with a 36.8% interest in us (represented by 13,459,209 of our common units) after giving effect to the issuances pursuant to this offering. It has designated two of the family members to the board of directors of our general partner, and as long as it maintains a specified minimum percentage of our common units, it will have the continuing right to designate up to two directors. The Davison family has agreed to restrictions that limit its ability to sell specified percentages of its common units through July 26, 2010. Prior to July 25, 2008, the Davison family may not sell more than 20% of its units. On that date, an additional 20% of its units will be released. An additional 20%, 30% and 10% of its issued units will be released 18, 24 and 36 months after closing, at which point the Davisons will be free to sell or otherwise dispose of all of their units.

Announced Potential Denbury Drop Down Transactions

Denbury has announced plans to negotiate several anticipated transactions with us involving the drop down of some of its CO_2 pipeline assets. We currently expect those transactions to consist of property purchases combined with associated transportation or service arrangements or direct financing leases, or a combination of both. We anticipate that, during the fourth quarter of 2007, we will enter into approximately $200 to $250 million of transactions with Denbury relating to its Free State and North East Jackson Dome, or NEJD, CO_2 pipelines. We also anticipate similar transactions in the range of $100 to $150 million in the second half of 2008 for other CO_2 pipelines that Denbury is currently constructing. Although we currently are negotiating the Free State and NEJD transactions with Denbury, we cannot assure you that we will reach mutually satisfactory terms and consummate those transactions.

Denbury has begun negotiations with us with respect to the transactions described above because we have recently completed over $600 million in non-Denbury-related acquisitions or growth projects, which includes the Davison acquisition.

Quarterly Distribution Increase

On October 26, 2007, our board of directors declared a cash distribution of $0.27 per unit for the quarter ended September 30, 2007. The distribution was paid on November 14, 2007 to our general partner and all common unitholders of record as of the close of business on November 6, 2007. That quarterly distribution rate represents an increase of 17% relative to the distribution paid for the second quarter of 2007, an approximate 35% increase relative to the same period in 2006, and an approximate 69% increase relative to the third quarter in 2005. This is our ninth consecutive quarterly distribution increase, with the previous eight being increased by $0.01 per unit.

Increased Credit Facility to $500 Million

On November 15, 2006, we replaced our $50 million working capital credit facility with a $500 million working capital and acquisition facility. As of September 30, 2007, we had borrowed $285 million under that facility, and we had $4.7 million in letters of credit outstanding, resulting in $90.4 million of remaining credit availability under our borrowing base.

Adopted Growth-Oriented Strategy and Hired an Experienced Midstream Senior Management Team

Our board of directors has adopted a growth-oriented strategy for us, and on August 8, 2006, we hired an experienced senior management team; Grant E. Sims, former CEO of Leviathan Gas Pipeline Partners, L.P., was appointed as the new Chief Executive Officer and a member of the board of directors and Joseph A. Blount, Jr., former President and

Chief Operating Officer of Unocal Midstream & Trade, was appointed as President and Chief Operating Officer. Our senior management

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team is responsible for designing and implementing a growth-oriented strategy that will include acquisitions from third parties (such as the recent acquisition from the Davisons), development projects and, ultimately, acquisitions from (or leases or financing arrangements with) subsidiaries of Denbury.

To help ensure that our senior management team is incentivized to execute our growth strategy in a manner that is accretive on a distribution per unit basis, the team and our general partner have undertaken to negotiate definitive agreements relating to an incentive compensation arrangement to provide the members of our senior management team with the opportunity to earn up to a 20% interest in our general partner if certain performance criteria are met. Those performance criteria primarily relate to the dollar amount of expenditures for acquisitions we consummate (including development projects, but excluding acquisitions from Denbury and its affiliates) provided such expenditures earn (using a look-back provision) a specified minimum, un-levered return on investment.

Acquired Terminal and Dock Facilities

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

Florida Oil Pipeline System Expansion

We committed to construct an extension of our existing Florida oil pipeline system that would extend to producers operating in southern Alabama. That new lateral will consist of approximately 33 miles of 8 pipeline originating in the Little Cedar Creek Field in Conecuh County, Alabama to a connection to our Florida Pipeline System in Escambia County, Alabama. That project also will include gathering connections to approximately 30 wells and oil storage capacity of 20,000 barrels in the field. We expect to place those facilities in service in the second half of 2008.

Unitholder Meeting

We have called a special meeting of our unitholders to be held on December 18, 2007, for unitholders of record as of November 2, 2007, to vote on (1) a proposal to amend certain provisions of our partnership agreement to allow any affiliated persons or group who hold more than 20% of our outstanding voting units to vote on all matters on which holders of our voting units have the right to vote, other than matters relating to the succession, election, removal, withdrawal, replacement or substitution of our general partner, and to clarify and expand the concept of *group* as defined in our partnership agreement; and (2) a proposal to approve the terms of the Genesis Energy, Inc. 2007 Long Term Incentive Plan, which provides for awards of our units and other rights to our employees and, possibly, our directors.

BUSINESS SEGMENTS

We conduct our business through four primary segments: Pipeline Transportation, Refinery Services, Supply and Logistics and Industrial Gases. Our Supply and Logistics segment was previously known as Crude Oil Gathering and Marketing. With the Davison acquisition, we expanded our operations into petroleum products and other transportation services, and combined these operations due to their similarities and our approach to managing these operations. These segments are strategic business units that provide a variety of energy related services. For information relating to revenues from external customers, operating income and total assets of each segment, see the financial statements incorporated by reference into this prospectus.

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PIPELINE TRANSPORTATION

Oil Pipelines. Our core pipeline transportation business is the transportation of oil for others for a fee. Our 230-mile Mississippi System provides shippers of oil in Mississippi indirect access to refineries, pipelines, storage, terminaling and other oil infrastructure located in the Midwest. Our 90-mile Texas System extends from West Columbia to Webster, Webster to Texas City and Webster to Houston. Our 100-mile Jay System originates in eastern Alabama and the panhandle of Florida and extends to a point near Mobile, Alabama. On a much smaller scale, we also transport CO_2 and natural gas for a fee.

Our regulated pipelines are open-access carriers whose tariff rates are regulated by FERC or the Railroad Commission of Texas. Accordingly, we offer transportation services to any shipper of oil, if the products tendered for transportation satisfy the conditions and specifications contained in the applicable tariff. Pipeline revenues are a function of the level of throughput and the particular point where the oil was injected into the pipeline and the delivery point. We also can earn revenue from pipeline loss allowance volumes. In exchange for bearing the risk of pipeline volumetric losses, we deduct volumetric pipeline loss allowances and crude quality deductions. Such allowances and deductions are offset by measurement gains and losses. When the allowances and deductions exceed measurement losses, the net pipeline loss allowance volumes are earned and recognized as income and inventory available for sale valued at the market price for the oil. Until the volumes are sold, we account for them as inventory and value them at the lower of cost or market value. When we sell the inventory, we recognize any difference between the carrying amount and the sale price as additional pipeline revenue.

The margins from our pipeline operations are generated by the difference between the revenues from regulated published tariffs, pipeline loss allowance revenues and the fixed and variable costs of operating and maintaining our pipelines.

Mississippi System. Our Mississippi System extends from Soso, Mississippi to Liberty, Mississippi. Our Mississippi System includes tankage at various locations with an aggregate owned storage capacity of 247,500 barrels. The system is adjacent to several oil fields operated by Denbury, which is the sole shipper (other than us) on our Mississippi System. As a result of its emphasis on the tertiary recovery of oil using CO_2 flooding, Denbury has become the largest producer (based on average barrels produced per day) of oil in the State of Mississippi, and it owns more developed CO_2 reserves than anyone in the Eastern Gulf Coast Region of the U.S. As Denbury continues to implement its tertiary oil recovery strategy, its anticipated increased production could create increased demand for our oil transportation services because of the close proximity of the pipelines, especially the Mississippi System, and their projects.

Some of our oil gathering, marketing and transportation arrangements with Denbury have an incentive tariff. Under our incentive tariff, the average rate per barrel that we charge during any month decreases as our aggregate throughput for that month increases above specified thresholds.

Texas System. The active segments of our Texas System extend from West Columbia to Webster, Webster to Texas City and Webster to Houston. Those segments include approximately 90 miles of pipe. The Texas System receives all of its volume from connections to other pipeline carriers. We earn a tariff for our transportation services, with the tariff rate per barrel of oil varying with the distance from injection point to delivery point. We entered into a joint tariff with TEPPCO to receive oil from their system at West Columbia and a joint tariff with TEPPCO and ExxonMobil Pipeline Company to receive oil from their systems at Webster. We also continue to receive barrels from a connection with Seminole Pipeline Company at Webster. We own tankage with approximately 55,000 barrels of storage capacity associated with the Texas System. We lease an additional approximately 165,000 barrels of storage capacity for our Texas System in Webster. We have a tank rental reimbursement agreement with the primary shipper on our Texas System to reimburse us for the lease of that storage capacity at Webster.

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Jay System. Our Jay System begins near oil fields in southeastern Alabama and the panhandle of Florida and extends to a point near Mobile, Alabama. Our Jay System includes tankage with 230,000 barrels of storage capacity, primarily at Jay Station. Recently, we have witnessed significant re-development work at some of the more mature fields attached to the Jay System. As a result of new production in the area surrounding our Jay System, volumes have stabilized on that system.

We recently committed to construct an extension of our existing Florida oil pipeline system that would extend to producers operating in southern Alabama. The new lateral will consist of approximately 33 miles of 8 pipeline originating in the Little Cedar Creek Field in Conecuh County, Alabama to a connection to our Florida Pipeline System in Escambia County, Alabama. The project will also include gathering connections to approximately 30 wells and additional oil storage capacity of 20,000 barrels in the field. The project is expected to be placed in service in the second half of 2008.

CO_2 Pipeline. During 2004, we constructed a 10-mile, 10 CO_2 pipeline that is connected to Denbury s 183-mile pipeline that transports CO_2 from their Jackson Dome CO_2 reservoir. Our pipeline moves the CO_2 to the Brookhaven oil field used by Denbury in tertiary recovery. We entered into a contract granting Denbury the exclusive right to use that CO_2 pipeline through 2012 in exchange for a monthly demand and commodity charge.

Natural Gas Pipelines. We have several small natural gas gathering systems located in Texas, Louisiana and Oklahoma, which we acquired in January 2005 from Multifuels Energy Asset Group, L.P.

REFINERY SERVICES

We provide services for eight refining operations primarily located in Texas, Louisiana and Arkansas. In our processing, we apply proprietary technology that uses large quantities of caustic soda. In exchange for our services, we receive a by-product of our process, NaHS, which we sell to approximately 100 customers. As such, we are one of the largest marketers of NaHS in North America. Our refinery services business generates revenue by selling the NaHS, the by-product of our process.

NaHS is used in the specialty chemicals business and the pulp and paper business, in connection with mining operations and also has environmental applications. NaHS is used in various industries for applications including, but not limited to, agricultural, dyes and other chemical processing; waste treatment programs requiring stabilization and reduction of heavy and toxic metals through precipitation; and sulfidizing oxide ores (most commonly to separate copper from molybdenum). NaHS is also used in Kraft pulping process to prepare synthetic cooking liquor (white liquor); as a make-up chemical to replace lost sulfur values; as a scrubbing media for residual chlorine dioxide generated and consumed in mill bleach plants; and for removing hair from hides at the beginning of the tannery process.

Our refinery service contracts typically range from two to ten years. Because of our reputation, experience and logistical capability to transport, store and deliver both NaHS and caustic soda (the primary input used by our proprietary process), we believe such contracts will likely be renewed upon the expiration of their primary terms. We also believe that the demand for sulfur removal at U.S. refineries will increase in the years ahead as the quality of the oil supply used by refineries in the U.S. continues to drop (or become more sour). As that occurs, we believe more refineries will seek economic and proven sulfur removal processes from reputable service providers that have the scale and logistical capabilities to efficiently perform such services. Because of our existing scale, we believe we will be able to attract such refineries as new customers for our sulfur handling/removal services.

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SUPPLY AND LOGISTICS

Our oil gathering and marketing operations are concentrated in Texas, Louisiana, Alabama, Florida, and Mississippi. These operations, which involve purchasing, gathering and transporting by trucks and pipelines operated by us and trucks, pipelines and barges operated by others, and reselling, help to ensure (among other things) a base supply source for our oil pipeline systems. Our profit for those services is derived from the difference between the price at which we re-sell oil less the price at which we purchase that oil, minus the associated costs of aggregation and any cost of supplying credit. The most substantial component of our aggregating costs relates to operating our fleet of leased trucks. Our oil gathering and marketing activities provide us with an extensive expertise, knowledge base and skill set that facilitates our ability to capitalize on regional opportunities which arise from time to time in our market areas. Usually, this segment experiences limited commodity price risk because we generally make back-to-back purchases and sales, matching our sale and purchase volumes on a monthly basis.

With the Davison acquisition, we gained approximately 225 trucks, 525 trailers and 1.3 million barrels of existing leased and owned storage and expanded our activities to include transporting, storing and blending intermediate and finished refined petroleum products. In combination with our historical focus on oil, we believe we are well positioned to provide a full suite of logistical services to both independent and integrated refinery operators, ranging from upstream (the procurement and staging of refinery inputs) to downstream (the transportation, staging and marketing) of refined products.

Port Hudson. Effective July 1, 2007, we acquired the Port Hudson oil truck terminal, marine terminal and marine dock of BP Pipelines (North America) Inc., or Port Hudson, for $8.1 million. The assets acquired in this transaction include docking facilities on the Mississippi River, 215,000 barrels of tankage, a pipeline and other related assets in East Baton Rouge Parish, Louisiana. In connection with such acquisition, we entered into a long-term purchase contract with several producers to ensure steady throughput on those facilities. With some of our existing activities and some identified opportunities, as well as the committed production, we see Port Hudson developing into a focus area for oil handling activities in South Louisiana.

Segment margin from our supply and logistics operations varies from period to period, depending, to a significant extent, upon changes in the supply of and demand for oil, refined products and natural gas. Generally, as we purchase products, we simultaneously establish a margin by selling products for physical delivery to third-party users. Through these transactions, we seek to maintain a position that is substantially balanced between purchases, on the one hand, and sales or future delivery obligations, on the other hand. We do not acquire and hold oil or refined products, futures contracts or other derivative products for the purpose of speculating on price changes.

INDUSTRIAL GASES

Our industrial gases segment is a natural outgrowth from our pipeline transportation business. Because of the substantial tertiary recovery operations using CO_2 flooding being conducted around our Mississippi System, we became familiar with CO_2-related activities and, ultimately, began our CO_2 business in 2003. Our relationships with industrial customers who use CO_2 have expanded, which has introduced us to potential opportunities associated with other industrial gases, such as syngas (also known as synthesis gas), which is a combination of carbon monoxide and hydrogen.

CO_2. We supply CO_2 to five industrial customers under seven long-term CO_2 sales contracts. 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 with Denbury. Since 2003, we have purchased those contracts, along with three volumetric production payments, or VPPs, representing 280.0 Bcf of CO_2 (in the aggregate), from Denbury for a total of $43.1 million in cash. We sell our

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CO_2 to customers who tre