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

**FORM 8-K/A**

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 10, 2007 (July 25, 2007)

**GENESIS ENERGY, L.P.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**1-12295**  
(Commission File Number)

**76-0513049**  
(I.R.S. Employer  
Identification No.)

**500 Dallas, Suite 2500, Houston, Texas**  
(Address of principal executive offices)

**77002**  
(Zip Code)

**(713) 860-2500**  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240-14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240-14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240-13e-4(c))

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## Explanatory Note

This Form 8-K/A amends the Current Report on Form 8-K of Genesis Energy, L.P. (“Genesis”) filed with the United States Securities and Exchange Commission on July 31, 2007 related to Genesis’ acquisition of businesses engaged in five energy-related operations from several entities owned and controlled by the Davison family of Ruston, Louisiana to include the financial statements and pro forma financial information required by Items 9.01(a) and 9.01(b) of Form 8-K and to include exhibits under Item 9.01(d) of Form 8-K.

### Item 9.01. Financial Statements and Exhibits

(a) Financial statements of businesses acquired.

Filed as Exhibit 99.1 to this Report on Form 8-K/A and incorporated herein by reference are:

1. Audited Combined Balance Sheets of the Davison Combined Entities as of December 31, 2006 and 2005, and the related Combined Statements of Operations, Cash Flows and Owners’ Equity for each of the three years in the period ended December 31, 2006, and the notes thereto; and
2. Unaudited Combined Balance Sheet of the Davison Combined Entities as of June 30, 2007 and the related Unaudited Combined Statements of Operations, Cash Flows and Owners’ Equity for the six-month periods ended June 30, 2007 and 2006, and the notes thereto.

Filed as Exhibit 99.2 to this Report on Form 8-K/A and incorporated herein by reference are:

1. Audited Balance Sheets of TDC, L.L.C. as of December 31, 2006 and 2005, and the related Statements of Income, Members’ Equity, and Cash Flows for each of the years in the three-year period ended December 31, 2006, and the notes thereto.

Filed as Exhibit 99.3 to this Report on Form 8-K/A and incorporated herein by reference are:

1. Unaudited Balance Sheet of TDC, L.L.C. as of June 30, 2007 and the related Unaudited Statements of Income, Members’ Equity and Cash Flows for the six-month period ended June 30, 2007, and the notes thereto.

Filed as Exhibit 99.4 to this Report on Form 8-K/A and incorporated herein by reference are:

1. Audited Balance Sheets of Fuel Masters, LLC as of December 31, 2006 and 2005, and the related Statements of Operations, Cash Flows and Members’ Equity for each of the three years in the period ended December 31, 2006, and the notes thereto; and
2. Unaudited Balance Sheet of Fuel Masters, LLC as of June 30, 2007 and the related Unaudited Statements of Operations, Cash Flows and Members’ Equity for the six-month periods ended June 30, 2007 and 2006, and the notes thereto.

Prior to January 31, 2007, the Davison family owned 50% of TDC, L.L.C. with the remainder owned by an unrelated party. During the period of the joint ownership between Davison and the unrelated party, the unrelated party maintained the books and records of TDC, L.L.C. Financial statements were prepared in accordance with generally accepted accounting principles (“GAAP”) at the end of each year; however, no quarterly financial statements were prepared in accordance with GAAP.

On January 31, 2007, Davison acquired the unrelated party’s 50% ownership of TDC, L.L.C. and Davison and the unrelated party entered a transition agreement for the unrelated party to continue to maintain the books and records of TDC, L.L.C. in the same fashion they had been maintained previously for a period of up to one year.

Historically, the previous unrelated joint venture partner of TDC, L.L.C. did not prepare financial information for TDC, L.L.C. in accordance with GAAP at interim dates. Due to the change in ownership in January 2007 and the provisions of the transition agreement with the unrelated former owner, Genesis believes that providing reliable 2006 interim information for TDC, L.L.C. is impracticable. Therefore, TDC, L.L.C.'s unaudited financial statements for the six months ended June 30, 2006 are not included in this Form 8-K/A.

Genesis believes that the absence of the 2006 interim information would not be material to the understanding of Genesis' financial results, cash flows, and related trends.

(b) Pro forma financial information.

The Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2007 and the Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Year Ended December 31, 2006, Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Six Months Ended June 30, 2007, and the notes thereto, which give effect to the acquisition of the Davison Combined Entities, TDC, L.L.C. and Fuel Masters, LLC, are attached hereto as Exhibit 99.5 and are incorporated herein by reference.

(d) Exhibits

The following materials are filed as exhibits to this Current Report on Form 8-K.

Exhibits.

- |              |   |
|--------------|---|
| Exhibit 99.1 | Audited Combined Balance Sheets of the Davison Combined Entities as of December 31, 2006 and 2005, and the related Combined Statements of Operations, Cash Flows and Owners' Equity for each of the three years in the period ended December 31, 2006, and the notes thereto; and Unaudited Combined Balance Sheet of the Davison Combined Entities as of June 30, 2007 and the related Unaudited Combined Statements of Operations, Cash Flows and Owners' Equity for the six-month periods ended June 30, 2007 and 2006, and the notes thereto. |
| Exhibit 99.2 | Audited Balance Sheets of TDC, L.L.C. as of December 31, 2006 and 2005, and the related Statements of Income, Members' Equity and Cash Flows for each of the years in the three-year period ended December 31, 2006, and the notes thereto.   |
| Exhibit 99.3 | Unaudited Balance Sheet of TDC, L.L.C. as of June 30, 2007 and the related Unaudited Statements of Income, Members' Equity and Cash Flows for the six-month period ended June 30, 2007, and the notes thereto.  |
| Exhibit 99.4 | Audited Balance Sheets of Fuel Masters, LLC as of December 31, 2006 and 2005, and the related Statements of Operations, Cash Flows and Members' Equity for each of the three years in the period ended December 31, 2006, and the notes thereto; and Unaudited Balance Sheet of Fuel Masters, LLC as of June 30, 2007 and the related Unaudited Statements of Operations, Members' Equity and Cash Flows for the six-month periods ended June 30, 2007 and 2006, and the notes thereto.   |
| Exhibit 99.5 | The Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2007 and the Unaudited Pro Forma Condensed Consolidated Statements of Operations for the six months ended June 30, 2007 and the year ended December 31, 2006, and the notes thereto.  |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GENESIS ENERGY, L.P.  
(A Delaware Limited Partnership)  
By: GENESIS ENERGY, INC., as  
General Partner

Date: October 10, 2007

By: /s/ ROSS A. BENAVIDES  
Ross A. Benavides  
Chief Financial Officer

## FINANCIAL STATEMENTS OF DAVISON COMBINED ENTITIES

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## INDEPENDENT AUDITORS' REPORT

To the Owners of  
Combined Davison Entities  
Ruston, Louisiana

We have audited the accompanying balance sheets of the Combined Davison Entities (Davison Petroleum Products, L.L.C., Davison Transport, Inc., Transport Company, Davison Terminal Service, Inc., Sunshine Oil & Storage, Inc., and Red River Terminals, L.L.C.), (hereinafter referred to as the "Company") as of December 31, 2006 and 2005, and the related statements of operations, owners' equity, and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements referred to above present fairly, in all material respects, the financial position of the Combined Davison Entities as of December 31, 2006 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Houston, TX  
October 8, 2007

**DAVISON COMBINED ENTITIES**  
**COMBINED BALANCE SHEETS**

*(in thousands)*

	June 30, 2007 (Unaudited)	December 31,	
		2006	2005
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 16,861	\$ 2,471	\$ 1,735
Accounts receivable, trade, net	56,613	14,574	16,647
Accounts receivable, related parties	564	1,684	2,044
Inventories	6,495	5,764	8,297
Current portion of note receivable	6,528	6,231	-
Other current assets	3,407	3,925	2,920
<b>Total current assets</b>	<b>90,468</b>	<b>34,649</b>	<b>31,643</b>
<b>PROPERTY AND EQUIPMENT:</b>			
Property and equipment, at cost	84,936	73,738	68,045
Accumulated depreciation	(48,666)	(45,492)	(39,894)
Property and equipment, net	36,270	28,246	28,151
<b>INVESTMENTS IN JOINT VENTURES</b>	129	12,839	14,010
<b>RECEIVABLES FROM RELATED PARTIES</b>	71,300	63,928	44,286
<b>NOTE RECEIVABLE, long-term</b>	7,608	9,392	-
<b>INTANGIBLE ASSETS, net</b>	71,044	-	-
<b>GOODWILL</b>	2,716	-	-
<b>OTHER ASSETS</b>	4,957	2,023	1,972
<b>TOTAL ASSETS</b>	<b>\$ 284,492</b>	<b>\$ 151,077</b>	<b>\$ 120,062</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable, trade	\$ 34,443	\$ 9,111	\$ 11,273
Accounts payable, related parties	2,495	2,957	511
Current portion of notes payable	52,782	28,008	24,016
Accrued expenses	1,186	1,860	2,046
<b>Total current liabilities</b>	<b>90,906</b>	<b>41,936</b>	<b>37,846</b>
<b>NOTES PAYABLE, long-term</b>	109,890	36,881	29,170
<b>DEFERRED INCOME TAX LIABILITIES</b>	2,881	3,181	2,548
<b>COMMITMENTS AND CONTINGENCIES (Note 9)</b>			
<b>OWNERS' EQUITY</b>	80,815	69,079	50,498
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$ 284,492</b>	<b>\$ 151,077</b>	<b>\$ 120,062</b>

See accompanying notes to combined financial statements.

**DAVISON COMBINED ENTITIES**  
**COMBINED STATEMENTS OF OPERATIONS**  
*(in thousands)*

	Six Months Ended June 30,		Year-Ended December 31,		
	2007	2006	2006	2005	2004
	(Unaudited)				
REVENUES:	\$ 244,386	\$ 100,966	\$ 208,461	\$ 195,761	\$ 140,796
COSTS AND EXPENSES:					
Cost of products	202,370	79,286	154,797	150,482	92,207
Operating expenses	22,761	19,525	46,257	41,449	41,226
General and administrative	4,663	2,660	2,235	3,457	3,889
Total costs and expenses	229,794	101,471	203,289	195,388	137,322
OPERATING INCOME (LOSS)	14,592	(505)	5,172	373	3,474
OTHER INCOME (EXPENSE):					
Interest income	1,063	4	1,265	2,969	475
Interest expense	(2,803)	(299)	(1,338)	(2,714)	(1,979)
Other income	22	249	463	987	1,212
Total other income (expense)	(1,718)	(46)	390	1,242	(292)
INCOME (LOSS) BEFORE INCOME TAXES	12,874	(551)	5,562	1,615	3,182
Equity in earnings of joint ventures	2,586	9,264	18,175	16,337	10,067
Income tax benefit (expense)	188	(427)	(856)	(837)	(789)
NET INCOME	\$ 15,648	\$ 8,286	\$ 22,881	\$ 17,115	\$ 12,460

See accompanying notes to combined financial statements.

**DAVISON COMBINED ENTITIES**  
**COMBINED STATEMENTS OF CASH FLOWS**

(in thousands)

	Six Months Ended June 30,		Year-Ended December 31,		
	2007	2006	2006	2005	2004
	(Unaudited)				
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net income	\$ 15,648	\$ 8,286	\$ 22,881	\$ 17,115	\$ 12,460
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	8,688	3,835	7,659	5,877	6,263
Gain on disposal of assets	(422)	(295)	(496)	(667)	(189)
Equity in earnings of joint ventures	(2,586)	(9,264)	(18,175)	(16,337)	(10,067)
Distributions from joint ventures - return on investment	132	11,809	19,345	12,454	6,801
Deferred income tax (benefit) expense	(300)	309	633	551	115
Other non-cash charges	175	-	-	-	-
Changes in operating assets and liabilities (net of effects of purchased businesses):					
Accounts receivable	537	(8,927)	2,434	(4,037)	(1,118)
Inventories	2,776	3,943	2,533	(3,311)	(3,394)
Other current assets	794	(974)	(1,006)	743	2,084
Accounts payable	(500)	(1,824)	721	(1,197)	2,251
Accrued liabilities	(1,615)	1,721	(185)	(351)	(148)
Net cash provided by operating activities	<u>23,327</u>	<u>8,619</u>	<u>36,344</u>	<u>10,840</u>	<u>15,058</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Additions to property and equipment	(2,219)	(1,409)	(8,629)	(9,343)	(10,934)
Acquisition of 50% of TDC, L.L.C., net of cash acquired	(79,179)	-	-	-	-
Proceeds from disposal of assets	442	894	932	1,789	243
Advances to related parties	(6,944)	(2,570)	(19,542)	1,705	(13,111)
Advance to third party under note receivable	(1,256)	(5,485)	(16,300)	-	-
Payments received on note receivable	2,314	-	578	-	-
Other, net	(1,859)	(273)	(49)	(105)	1,866
Net cash used in investing activities	<u>(88,701)</u>	<u>(8,843)</u>	<u>(43,010)</u>	<u>(5,954)</u>	<u>(21,936)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Bank borrowings	105,638	19,689	39,939	25,297	27,448
Bank repayments	(20,832)	(18,083)	(28,237)	(28,090)	(19,960)
Debt financing costs	(1,130)	-	-	-	-
Contributions from owners	-	-	-	-	74
Distributions or dividends to owners	(3,912)	(637)	(4,300)	(733)	(770)
Net cash provided by (used in) financing activities	<u>79,764</u>	<u>969</u>	<u>7,402</u>	<u>(3,526)</u>	<u>6,792</u>
Net increase (decrease) in cash and cash equivalents	14,390	745	736	1,360	(86)
Cash and cash equivalents at beginning of period	<u>2,471</u>	<u>1,735</u>	<u>1,735</u>	<u>375</u>	<u>461</u>
Cash and cash equivalents at end of period	<u>\$ 16,861</u>	<u>\$ 2,480</u>	<u>\$ 2,471</u>	<u>\$ 1,735</u>	<u>\$ 375</u>

See accompanying notes to combined financial statements.

**DAVISON COMBINED ENTITIES**  
**COMBINED STATEMENTS OF OWNERS' EQUITY**

*(In thousands)*

	Total Owners' Equity
Balances, January 1, 2004	\$ 22,352
Net income for the year ended December 31, 2004	12,460
Contributions by owners during the year ended December 31, 2004	74
Dividends and distributions to owners during the year ended December 31, 2004	(770)
Balances, December 31, 2004	34,116
Net income for the year ended December 31, 2005	17,115
Dividends and distributions to owners during the year ended December 31, 2005	(733)
Balances, December 31, 2005	50,498
Net income for the year ended December 31, 2006	22,881
Dividends and distributions to owners during the year ended December 31, 2006	(4,300)
Balances, December 31, 2006	69,079
Net income for the six months ended June 30, 2007 (unaudited)	15,648
Dividends and distributions to owners during the six months ended June 30, 2007 (unaudited)	(3,912)
Balances, June 30, 2007 (unaudited)	\$ 80,815

See accompanying notes to combined financial statements.

**DAVISON COMBINED ENTITIES  
NOTES TO COMBINED FINANCIAL STATEMENTS**

**1. Organization and Summary of Significant Accounting Policies**

*Organization*

The Davison Combined Entities (the "Company") includes the following entities, owned by James E. Davison or his sons, James E. Davison, Jr., Steven K. Davison and Todd A. Davison ("the Sons"):

Combined Entities

Davison Petroleum Products, L.L.C. ("DPP"), a limited liability company engaged in the business of buying and selling petroleum products primarily in Louisiana, Texas, Arkansas, and Oklahoma. This entity is owned equally by the Sons.

Davison Transport, Inc. ("DTI") and Transport Company ("TC"), corporations engaged in the business of transporting petroleum products, chemicals, grain and other dry freight by truck primarily in Louisiana, Texas, Oklahoma, Arkansas and Mississippi. These entities are owned equally by the Sons.

Davison Terminal Service, Inc. ("DTS"), a corporation engaged in the business of operating river terminals owned by others which store bulk quantities of various petroleum products and chemicals and specialized industrial cleaning services primarily of paper mill waste water lines and municipal sewer lines. This entity is owned by James E. Davison.

Sunshine Oil & Storage, Inc. ("SOS"), a corporation and Red River Terminals, L.L.C. ("RRT"), a limited liability company, engaged in the business of providing bulk petroleum storage facilities and services. SOS is owned by James E. Davison and RRT was owned indirectly by James E. Davison. RRT was a wholly-owned subsidiary of DTS.

Joint Ventures

DPP owned a 50% interest in TDC, L.L.C. ("TDC") until January 31, 2007, when TDC liquidated the other 50% member interest in TDC, leaving DPP as sole member. TDC is involved in sulphur recovery operations at petroleum refineries, and the marketing of sulphur based products and other chemical products, primarily in North and South America. See Note 3.

DPP owned a 50% interest in Fuel Masters, LLC ("FM") until March 31, 2007, when DPP acquired the other 50% of FM. FM is engaged in the business of fuel procurement for third parties. See Note 3.

DPP owns a 10% interest in LP Mineral Owners, LLC ("LP Minerals"). LP Minerals invests in oil and gas leases. See Note 3.

*Basis of Presentation*

The accompanying combined financial statements and related notes present the financial position as of June 30, 2007, December 31, 2006 and 2005 and results of operations, cash flows and owners' equity for the years ended December 31, 2006, 2005 and 2004 and the six-month periods ended June 30, 2007 and 2006 for the Company. All transactions among the Davison Combined Entities have been eliminated. Owners' equity in the combined statements of financial position includes the total of the equity of the Davison family in the entities.

The combined balance sheet as of June 30, 2007 and the combined statements of operations and cash flows for the six months ended June 30, 2007 and 2006 have been prepared without audit. Accordingly, they reflect all adjustments (which consist solely of normal recurring adjustments) which are, in the opinion of the Company, necessary for a fair presentation of the financial results for interim periods.

In the combined financial statements and related notes for the Company through December 31, 2006, the investments in TDC and FM are accounted for on the equity method, as DPP exercised significant influence over the operating and financial policies of both FM and TDC. In the unaudited combined financial statements for the Company as of and for the six months ended June 30, 2007, the results of operations include DPP's equity in TDC through January 31, 2007 and FM through March 31, 2007. From February 1, 2007 through June 30, 2007 and April 1, 2007 through June 30, 2007, the combined financial statements of the Company include 100% of the operations and cash flows of TDC and FM, respectively. The balance sheets for the Company as of June 30, 2007

include 100% of the assets, liabilities and owners' equity of TDC and FM, subject to appropriate intercompany elimination entries.

The combined financial statements and related notes for the Company as of June 30, 2007, December 31, 2006 and 2005 and for the years ended December 31, 2006, 2005, and 2004 and the six-month periods ended June 30, 2007 and 2006 include the Company's investment in LP Minerals, accounted for using the equity method of accounting for investments, as DPP exercises significant influence over its operating and financial policies.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements. Such estimates and assumptions affect the reported amount of revenues and expenses during the reporting period. Significant estimates that management makes include: (1) estimated useful lives of assets, which impacts depreciation and amortization, (2) accruals related to revenues and expenses, (3) liability and contingency accruals, (4) estimated fair value of assets acquired and liabilities assumed, and (5) estimates of future net cash flows from assets for purposes of determining whether impairment of those assets has occurred. On an ongoing basis, the Company evaluates its estimates and assumptions based upon historical experience and various other factors and circumstances. The Company believes that its estimates and assumptions are reasonable in the circumstances; however, actual results could differ from these estimates.

#### *Cash and Cash Equivalents*

Cash and cash equivalents consist of all demand deposits and funds invested in highly liquid instruments with original maturities of three months or less. The Company has no requirements for compensating balances or restrictions on cash.

#### *Accounts Receivable*

Trade accounts receivable are reflected net of an allowance for expected losses. The allowance for doubtful accounts is an estimate by management based upon the time the receivable has been outstanding, historical performance and management's knowledge of individual customers. For the years ended December 31, 2006, 2005 and 2004, bad debt expense was \$34,000, \$115,000, and \$287,000, respectively. These charges were included in operating costs in each period.

#### *Inventories*

Inventories consist of petroleum products for sale to third parties. Inventories are valued at the lower of first-in, first-out cost or market.

#### *Property and Equipment*

Property and equipment are carried at cost, net of accumulated depreciation. Depreciation of property and equipment is provided using the straight-line method over the respective estimated useful lives of the assets. Asset lives for purposes of calculating depreciation are 5 to 32 years for structures and buildings, 3 to 7 years for transportation equipment, 5 to 7 years for aircraft and related equipment, 3 to 15 years for machinery and equipment, and 2 to 10 years for office furniture and fixtures.

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

#### *Intangible Assets*

Intangible assets consist primarily of the value resulting from the redemption of the member interest of TDC in January 2007 not owned by DPP and is assigned to customer relationships, and supply and licensing agreements of TDC. These intangible assets were valued at their relative fair values at the time of acquisition and are amortized over the finite, if applicable, or best estimate of the useful life of the asset. The estimated useful lives of the intangible assets are approximately 9 years for customer relationships, 3 years for covenant not-to-compete and 9 years for supplier and licensing agreements.

#### *Impairment of Long-Lived Assets*

Long-lived assets, including property and equipment and intangible assets, are reviewed for impairment when events or circumstances indicate that its carrying value may not be recoverable. The carrying value of property and equipment is not recoverable if it exceeds the sum of the undiscounted cash flows expected to be generated from the

use and ultimate disposal of the asset. If the carrying value is determined to not be recoverable under this method, an impairment charge equal to the amount the carrying value exceeds the fair value is recognized. Fair value is generally determined from estimated discounted future net cash flows.

#### *Goodwill*

Goodwill represents the excess of purchase price over fair value of net assets acquired. The goodwill resulted from the acquisition on March 31, 2007 by DPP of the 50% member interests in FM that it did not already own. Goodwill will be assessed for impairment (i) on an annual basis during the fourth quarter of each year or (ii) on an interim basis when impairment indicators are present.

#### *Environmental Liabilities*

The Company provides for the estimated costs of environmental contingencies when liabilities are probable to occur and reasonable estimates can be made. Ongoing environmental compliance costs, including maintenance and monitoring costs, are charged to expense as incurred.

#### *Revenue Recognition*

Revenues from sales of petroleum products are recognized when title to the product passes to the customer. Revenues from transportation services are recognized when the product being transported is delivered to the location designated by the customer. Revenues for storage and other services are recognized upon the completion of the service.

#### *Cost of Sales*

Cost of products includes the cost of the fuels and any third party costs to complete the sale. Operating expenses include the costs to operate the Company's fleet of vehicles, including labor costs for drivers, fuel and maintenance, and insurance, and the costs to operate its terminals and other facilities.

#### *Excise and Sales Taxes*

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

#### *Income Taxes*

DT, TC, and SOS are taxed for federal and state income tax purposes as corporations. DPP, DTS, RRT, TDC, and FM are taxed as flow-through entities. No provision for federal or state income taxes is included in the accompanying combined financial statements for the flow-through entities as such income will be taxable directly to the owners of such entities. Federal and state income taxes have been provided for the operations of the entities taxable as corporations.

Income taxes are accounted for using the liability method under which deferred income taxes are recognized for the future tax effects of temporary differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities using the enacted statutory rates in effect at year-end. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the enactment date.

#### *Concentration of Credit Risk*

The Company provides services and sells petroleum products to customers in a wide range of industries, including energy, paper manufacturing and utilities. The Company believes that the diversification of its customer base is such that a disruption in one of these industries would not significantly affect its overall results. Management believes that the receivable diversification and creditworthiness of the Company's customer base reduces the credit risk posed by any industry concentration.

#### *Derivative Instruments and Hedging Activities*

The Company minimizes its exposure to price risk by limiting its inventory positions. However, when it uses derivative instruments to hedge exposure to price risk, it accounts for those derivative transactions in accordance with Statement of Financial Accounting Standards No. 133 "Accounting for Derivative Instruments and Hedging Activities", as amended and interpreted. Derivative transactions, which typically include only futures positions on the NYMEX, are recorded on the balance sheet as assets and liabilities based on the derivative's fair value. Changes in the fair value of derivative contracts are recognized currently in earnings.

### *Fair Value of Financial Instruments*

The carrying values of cash and cash equivalents, accounts and note receivable and accounts and notes payable in the combined balance sheets approximated fair value due to the short maturity of these instruments.

### *New Accounting Pronouncements*

In September 2006, the Financial Accounting Standards Board (“FASB”) issued SFAS No. 157, “Fair Value Measurements”, or SFAS 157. SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, with earlier adoption encouraged. Any amounts recognized upon adoption as a cumulative effect adjustment will be recorded to the opening balance of retained earnings in the year of adoption. SFAS 157 may impact our balance sheet and statement of operations in many areas including the fair value measurement and allocation of the purchase price in business combinations and the fair value measurements for derivative instruments, impairment of assets, and asset retirement obligations. The Company is currently assessing the impact of SFAS 157 on its financial statements.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities”, or SFAS 159. SFAS 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of SFAS 159 on its financial statements.

## **2. Property and Equipment**

Property and equipment consisted of the following (in thousands):

	June 30, 2007 (Unaudited)	December 31, 2006      2005	
Land	\$ 728	\$ 728	\$ 735
Facilities and equipment	26,748	14,554	13,712
Transportation equipment, including trucks and aircraft	54,926	56,157	51,399
Furniture and fixtures	2,534	2,299	2,199
Total property and equipment, at cost	84,936	73,738	68,045
Accumulated depreciation	(48,666)	(45,492)	(39,894)
Net property and equipment	<u>\$ 36,270</u>	<u>\$ 28,246</u>	<u>\$ 28,151</u>

Depreciation expense was \$7.7 million, \$5.9 million and \$6.3 million for the years ended December 31, 2006, 2005 and 2004, respectively. For the six months ended June 30, 2007 and 2006, depreciation expense was \$8.7 million (unaudited) and \$3.8 million (unaudited), respectively.

## **3. Investments in Joint Ventures**

### *TDC, L.L.C.*

During the years ended December 31, 2004, 2005 and 2006 and until January 31, 2007, the Company owned a 50% interest in TDC, L.L.C. (“TDC”), formerly known as Tessenderlo Davison Companies, LLC, a limited liability company that provides services to refiners to process and recover sulphur. On January 31, 2007, TDC liquidated the other 50% member interest in itself, resulting in the Company owning 100% of TDC. During all periods, TDC leased certain assets from the Company and the Company provided transportation services and other operational support to TDC.

During the years ended December 31, 2004 through 2006 and until January 31, 2007, the Company accounted for its interest in TDC under the equity method of accounting. The Company reflected in the combined statements of operations its equity in TDC’s net income, and increased its investment in TDC on the combined balance sheet for these earnings. Distributions from TDC were reflected as reductions of the investment in TDC on the combined balance sheet.

In January 2007, TDC paid \$91.5 million (unaudited) to liquidate the other 50% member interest, using funds borrowed under a credit facility TDC obtained for that purpose. The purchase price exceeded the fair value of the net assets acquired by \$81.0 million (unaudited). This excess purchase price was allocated to the tangible and identifiable intangible assets of the Company based on their fair values. Property, plant and equipment was allocated \$8.5 million (unaudited) of the purchase price, which is being amortized over an average useful life of 8 years. \$36.7 million (unaudited) of the purchase price was allocated to customer relationships, \$1.2 million (unaudited) to a covenant not-to-compete and \$34.6 million (unaudited) was allocated to supplier and licensing agreements. These amounts are included in the Combined Balance Sheets of Davison at June 30, 2007. The allocation of the purchase price was prepared based on preliminary estimates of fair values. Actual amounts recorded upon finalization of these estimates may differ from these amounts. Although any differences are not expected to materially impact the combined financial statements.

As a result of the liquidation of the other 50% member interest in TDC, the combined balance sheet at June 30, 2007 includes 100% of the assets and liabilities of TDC and the combined statement of operations for the six months ended June 30, 2007 reflects 50% of the results of TDC's operations for the period from January 1, 2007 through January 31, 2007 and 100% of the results of TDC's operations from February 1, 2007 through June 30, 2007.

The combined statements of operations of the Company for the years ended December 31, 2006, 2005 and 2004 include \$17.7 million, \$15.7 million and \$10.0 million, respectively, as the Company's share of the operating earnings of TDC. The Company received distributions from TDC totaling \$19.0 million, \$12.3 million and \$6.8 million during the years ended December 31, 2006, 2005 and 2004, respectively.

For the six months ended June 30, 2007, the combined financial statements of the Company include \$2.6 million (unaudited) for the Company's share of the earnings of TDC through January 31, 2007. Subsequent to that date, the earnings of TDC are consolidated in the Company's financial statements. For the six months ended June 30, 2006, the combined financial statements include \$8.9 million (unaudited) as the Company's share of the operating earnings of TDC. The Company received distributions totaling \$11.5 million (unaudited) during the six months ended June 30, 2006.

The table below reflects summarized financial information for TDC as of December 31, 2006 and 2005 and for the years ended December 31, 2006, 2005 and 2004 (in thousands).

	Year-Ended December 31,		
	2006	2005	2004
Revenues	\$ 137,522	\$ 119,268	\$ 76,951
Cost of revenues and operating expenses	(93,817)	(80,214)	(50,931)
General and administrative expenses	(5,917)	(5,554)	(6,105)
Interest (expense) income, net	(3)	11	27
Other (expense) income	(2,430)	(2,152)	71
Net income	\$ 35,355	\$ 31,359	\$ 20,013

	December 31,	
	2006	2005
Current assets	\$ 29,286	\$ 36,117
Non-current assets	8,831	9,145
Total assets	\$ 38,117	\$ 45,262
Current liabilities	\$ 11,071	\$ 14,316
Non-current liabilities	3,259	4,514
Members' interests	23,787	26,432
Total liabilities and members' interests	\$ 38,117	\$ 45,262

### *Fuel Masters, LLC*

During the years ended December 31, 2004, 2005 and 2006 and until March 31, 2007, the Company owned a 50% interest in Fuel Masters, LLC (“FM”), a limited liability company, engaged in the business of procuring fuel for third parties. Effective March 31, 2007, the Company acquired the remaining 50% member interests in FM that it did not already own, resulting in the Company owning 100% of FM. During these periods, the Company provided transportation services to FM. The Company and certain of its owners provided guarantees to certain fuel supply vendors of FM.

During the years ended December 31, 2004 through 2006 and until March 31, 2007, the Company accounted for its interest in FM under the equity method of accounting. The Company reflected in the combined statements of operations its equity in FM’s net income, and increased its investment in FM on the combined balance sheet for these earnings. Distributions from FM were reflected as reductions of the investment in FM on the combined balance sheet.

The Company issued notes to be paid with cash and securities to the former members of FM totaling \$3.7 million (unaudited). The notes are non-interest bearing, however interest is imputed at an interest rate of 8.75%. DPP intends to use approximately 36,000 Genesis Energy, L.P. common units as the securities it will transfer to the former members to satisfy the securities portion of the note. For purposes of valuing the securities to be transferred for financial statement purposes, the average market price of Genesis’ common units for the days surrounding the date of execution of the notes was used for valuation, resulting in a value of \$0.8 million (unaudited) for the securities and \$3.0 million (unaudited) to be paid with cash in the second half of 2007. The purchase price exceeded the fair value of the net assets acquired by \$2.7 million (unaudited). This excess purchase price was allocated to goodwill.

As a result of the acquisition of the remaining 50% member interests in FM that it did not already own, the combined balance sheet of the Company at June 30, 2007 includes 100% of the fair value of the assets and liabilities of FM and the combined statements of operations for the six months ended June 30, 2007 reflect 50% of the results of FM’s operations for the period from January 1, 2007 through March 31, 2007 and 100% of the results of FM’s operations from April 1, 2007 through June 30, 2007.

The combined statements of operations of the Company for the years ended December 31, 2006, 2005 and 2004 include \$0.3 million, \$0.5 million and less than \$0.1 million, respectively, as the Company’s share of the operating earnings of FM. The Company received distributions totaling \$0.2 million from FM during the year ended December 31, 2006. There were no distributions received during the years ended December 31, 2005 and 2004.

For the six months ended June 30, 2007, the combined financial statements of the Company include \$16,000 (unaudited) for the Company’s share of the loss of FM through March 31, 2007. Subsequent to that date, the earnings of FM are consolidated in the Company’s financial statements. For the six months ended June 30, 2006, the combined financial statements include \$0.2 million (unaudited) as the Company’s share of the earnings of FM. The Company received distributions totaling \$0.2 million (unaudited) during the six months ended June 30, 2006.

The table below reflects summarized financial information for FM as of December 31, 2006 and 2005 and for the years ended December 31, 2006, 2005 and 2004 (in thousands).

	Year-Ended December 31,		
	2006	2005	2004
Revenues	\$ 224,926	\$ 201,382	\$ 129,278
Cost of revenues and operating expenses	(222,778)	(199,259)	(128,326)
General and administrative expenses	(1,411)	(1,095)	(845)
Interest (expense) income, net	(118)	(124)	(79)
Net income	\$ 619	\$ 904	\$ 28

	December 31,	
	2006	2005
Current assets	\$ 15,212	\$ 9,569
Non-current assets	151	529
Total assets	<u>\$ 15,363</u>	<u>\$ 10,098</u>
Current liabilities	\$ 13,160	\$ 8,199
Non-current liabilities	550	550
Members' interests	1,653	1,349
Total liabilities and members' interests	<u>\$ 15,363</u>	<u>\$ 10,098</u>

#### *LP Mineral Owners, LLC*

The Company owns a 10% interest in LP Mineral Owners, LLC (“LP Minerals”), a limited liability company, which holds oil and gas mineral interests. The Company accounted for its investment in LP Minerals on the equity method as it exercises significant influence over LP Minerals. In each of the years ended December 31, 2006 and 2005, the Company recognized \$0.2 million as its share of income from LP Minerals and received distributions in the same amounts. For the year ended December 31, 2004, the Company recognized income from LP Minerals of less than \$0.1 million and received distributions of a similar amount. During the six months ended June 30, 2007 and 2006, the Company recognized less than \$0.1 million (unaudited) and \$0.2 million (unaudited), respectively, as its share of the earnings and received distributions for similar amounts.

#### **4. Related Party Transactions and Balances**

The Company engages in transactions with other entities directly or indirectly owned or partially owned by members of the Davison family. These transactions include sales and purchases of petroleum products, transportation services, and terminaling services and miscellaneous other services. Additionally, the Company loaned funds to these other entities and charged interest on the unpaid balances to those entities. The Company also purchased services and provided personnel to support these other entities, with the reimbursements for these costs reducing the expenses recorded by the Company.

Members of the Davison family also own an interest in a bank from which the Company borrowed funds and with which the Company deposited funds. The Company paid interest on the borrowed funds to the bank. In the opinion of management, loans from the bank were at market interest rates.

A summary of the transactions in each period with these entities is as follows (in thousands):

	Six Months Ended June 30,		Year-Ended December 31,		
	2007	2006	2006	2005	2004
	(Unaudited)				
Included in revenues of the Company:					
Petroleum product sales to Louisiana Aircraft, Inc.	\$ 300	\$ 254	\$ 557	\$ 348	\$ 356
Petroleum product sales to FM	\$ -	\$ 395	\$ 416	\$ 715	\$ 220
Petroleum product sales to Squire Creek Country Club	\$ 108	\$ 83	\$ 192	\$ 109	\$ 40
Petroleum product sales to D&B Farms	\$ 122	\$ 91	\$ 209	\$ 171	\$ 79
Truck transportation services for TDC	\$ 3,249	\$ 4,258	\$ 7,858	\$ 7,637	\$ 7,486
Truck transportation services for FM	\$ 2	\$ 18	\$ 26	\$ 18	\$ 2
Rental of facilities and operational support services to TDC	\$ 1,357	\$ 724	\$ 1,449	\$ 1,462	\$ 3,664
Terminaling services for TDC	\$ 1	\$ 132	\$ 132	\$ 202	\$ 332
Included in cost of sales of the Company:					
Petroleum product purchases from FM	\$ 15	\$ 206	\$ 222	\$ -	\$ -
Included in interest expense of the Company:					
Interest expense charged by Community Trust Bank	\$ 228	\$ 72	\$ 145	\$ 312	\$ 57

Balances owed by related parties to the Company at each balance sheet date resulted primarily from the loan of funds to those related entities, the provision of services or product to certain of those entities as described above and interest accrued on the outstanding balances owed to the Company by those entities. Balances owed to related parties result from those entities paying for materials or supplies on behalf of the Company. Balances with related parties were as follows (in thousands):

	June 30, 2007 (Unaudited)	December 31,	
		2006	2005
Related Party Receivables (Payables):			
Agri Forest Lands, Inc.	\$ 150	\$ 139	\$ 12
Bulk Express, Inc.	114	109	70
D&B Farms	33	-	-
Davison Motor Company, Inc.	376	383	891
Fuel Masters, LLC	-	328	328
Davison Rental	(182)	(171)	(123)
KADAV, Inc.	9,480	8,748	1,176
Lincoln Growers, Inc.	47	(19)	(43)
Louisiana Aircraft, Inc.	2,734	2,622	2,742
Louisiana Aircraft, LLC	10,269	9,650	7,837
Martelco	-	-	(2)
Melaran Plantation, Inc.	232	224	205
Ruston Flying Service	2,897	3,093	3,336
Southern Composite Yachts, Inc.	1,562	1,623	868
Squire Creek Communications, LLC	2,394	2,232	1,835
Squire Creek Construction Company, LLC	5,070	5,514	2,148
Squire Creek Country Club & Development, LLC	28,161	25,244	17,673
Squire Tech Solutions, LLC	572	512	158
TDC, L.L.C.	-	678	631
Receivables from owners related to personal investments	5,460	1,746	6,077
Total	<u>\$ 69,369</u>	<u>\$ 62,655</u>	<u>\$ 45,819</u>
Funds on deposit at Community Trust Bank	<u>\$ 277</u>	<u>\$ 2,347</u>	<u>\$ 1,643</u>
Loans from Community Trust Bank (included in Note 7 below)	<u>\$ 5,000</u>	<u>\$ 2,500</u>	<u>\$ -</u>

The Company has also guaranteed certain obligations of FM to its fuel supply vendors and banks. See Note 7 below.

## 5. Note Receivable

In March 2006, the Company entered into an agreement with R&R Drilling Company, L.L.C. ("R&R") to advance funds totaling \$16.3 million in exchange for a promissory note bearing interest at the prime rate plus 1% per annum, not to exceed 9%. R&R makes payments of principal and interest to the Company of \$0.6 million per month through March 2009. R&R used the funds for the construction of a drilling rig. The note receivable is collateralized by a drilling rig and any future rigs purchased by R&R and the related drilling contracts.

A third party provided \$1.6 million of the funds advanced to R&R in exchange for a note payable by the Company. This note is included in notes payable in Note 7 below, and bears interest at Libor plus 1.85%.

## 6. Intangible Assets

Intangible assets at June 30, 2007 consisted of customer relationships valued at \$38.0 million, a covenant not-to-compete valued at \$1.2 million and supplier and licensing agreements valued at \$35.8 million. These intangible assets resulted from the purchase on January 31, 2007 by the Company of the interest in TDC that it did not own. (See Note 3 above.) Accumulated amortization at June 30, 2007 was \$4.0 million. Amortization expense recorded by the Company during the six months ended June 30, 2007 was \$4.0 million.

## 7. Notes Payable

Notes payable consisted of the following, (in thousands):

	June 30,	December 31,	
	2007 (Unaudited)	2006	2005
1.70% over LIBOR, due on demand, collateralized by personal assets of an owner	\$ 4,500	\$ 1,898	\$ 770
Prime rate, due February 2007, collateralized by personal assets of an owner, loan is from a related party bank	-	2,500	-
8.75%, due July 2007 to former owners of Fuel Masters, LLC, unsecured	3,766	-	-
1.70% over LIBOR, due September 2007, collateralized by accounts receivable and inventory of the Combined Davison Entities and a related party	17,103	11,967	10,191
Prime rate, due November 2007, collateralized by shares owned in a related party, loan is from a related party bank	5,000	-	-
0.50% over Prime rate, revolving credit facility due January 2008, collateralized by accounts receivable of Fuel Masters, LLC	1,159	-	-
1.50% over LIBOR, due August 2008, collateralized by vehicles	625	990	1,615
1.60% over LIBOR and 5.87% to 6.84%, due September 2008 to November 2011, collateralized by vehicles	11,459	13,277	11,141
1.00% over 1-month LIBOR, due November 2008, collateralized by personal assets of an owner	1,924	2,844	-
4.00%, due December 2008, collateralized by accounts receivable of the Combined Davison Entities	325	429	631
1.60% to 2.30% over LIBOR, due January 2009 to August 2009, collateralized by aircraft	12,074	12,446	3,872
1.00% over Prime rate, due July 2009, unsecured, related to R&R (see Note 5 above)	1,254	1,511	-
5.00%, due July 2009, collateralized by accounts receivable of the Combined Davison Entities	1,496	1,850	2,533
Non-interest bearing note, due August 2009	1,083	-	-
1.85% over LIBOR, due September 2009, collateralized by drilling rigs and a note receivable from R&R (see Note 5 above)	8,050	9,536	-
6.38%, due September 2010, collateralized by vehicles	1,540	1,750	-
6.22%, due December 2010, collateralized by vehicles	866	978	1,210
2.51% over commercial paper rate, due May 2012, collateralized by aircraft	2,666	2,913	3,440
Prime rate, due 2012 and 2014, collateralized by the assets of TDC, L.L.C.	87,782	-	-

	2007	December 31,	
	(Unaudited)	2006	2005
1.50% to 2.30% over LIBOR, collateralized by real estate and aircraft	-	-	9,164
1.70% over 1-month LIBOR, collateralized by accounts receivable and inventory of the Combined Davison Entities and a related party	-	-	4,355
1.00% over LIBOR, collateralized by personal investments of an owner	-	-	4,264
Subtotal, notes payable	162,672	64,889	53,186
Less current portion of notes payable	(52,782)	(28,008)	(24,016)
Notes payable, long term	<u>\$ 109,890</u>	<u>\$ 36,881</u>	<u>\$ 29,170</u>

These notes payable are guaranteed by members of the Davison family. The Company was in compliance with covenants at December 31, 2006 and June 30, 2007.

Maturities of notes payable over the next five years and thereafter at December 31, 2006 are as follows (in thousands):

2007	\$ 28,008
2008	12,536
2009	18,616
2010	3,624
2011	1,474
After 2011	631
Total Scheduled Principal Payments	<u>\$ 64,889</u>

In addition to the obligations in the table above, the Company is contingently liable for the notes payable and amounts owed to certain vendors of FM. The debt obligations and amounts owed to FM vendors are included in the balance sheet of the Company at June 30, 2007.

## 8. Derivative Instruments and Hedging Activities

The Company's market risk in the purchase and sale of petroleum products is the potential loss that can be caused by a change in the market value of the asset or commitment. In 2006, the Company began a limited program to hedge its exposure to such market fluctuations through the use of futures contracts. Any contracts the Company used to hedge market risk were less than one year in duration.

Every derivative instrument must be recorded in the balance sheet as either an asset or liability measured at its fair value. Changes in the derivative's fair value must be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement. Companies must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. The Company did not have any hedges qualifying for special accounting during the year ended December 31, 2006 or the six months ended June 30, 2007.

The Company marks to fair value its futures contracts at each period end, with changes in the fair value of derivatives being recorded as unrealized gains or losses. Such unrealized gains or losses will change, based on prevailing market prices, at each balance sheet date prior to the period in which the transaction actually occurs.

At December 31, 2006 and June 30, 2007, the Company had futures contracts that are accounted for at fair value. The fair value of these contracts was determined based on the closing price for such contracts on December 31, 2006 and June 30, 2007, and the contracts were marked to fair value. During the year ended December 31, 2006 and the six months ended June 30, 2007, the Company recorded gains of less than \$0.1 million for each period,

related to futures contracts, which is included in the combined statements of operations under the caption "Cost of products".

At December 31, 2006 there were no open futures contracts. The combined balance sheet at June 30, 2007 includes a decrease in other current assets of \$138,000 as a result of open futures contracts.

## 9. Commitments and Contingencies

The Company leases a terminal facility in Shreveport, Louisiana under a long-term lease. The lease agreement provides a primary term of thirty years beginning August 1, 2005, with the Company's option to renew for one year periods up to a maximum lease term of ninety-nine years. The Company can terminate the lease after August 1, 2008 with one year of notice to the lessor. Annual rental amounts will be adjusted every five years based on the consumer price index. The Company also pays throughput fees to the lessor based on the volumes that pass through the terminal.

The future minimum lease payments under this lease assuming no escalation for the consumer price index were \$322,000 per year through July 31, 2035, for a total of \$9,204,000 as of December 31, 2006. The Company has no other significant non-cancelable leases with a term greater than one year.

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

Year ended December 31, 2006	\$	554
Year ended December 31, 2005	\$	525
Year ended December 31, 2004	\$	387

The Company has guaranteed certain obligations of FM to fuel supply vendors and to a bank. See Note 3.

The Company is subject to lawsuits in the normal course of business and examination by tax and other regulatory authorities. Management does not expect such matters presently pending to have a material adverse effect on the Company's financial position, results of operations or cash flows.

## 10. Supplemental Cash Flow Information

Cash paid by the Company for interest during the years ended December 31, 2006, 2005 and 2004 was \$3.9 million, \$2.9 million and \$1.6 million, respectively. For the six months ended June 30, 2007 and 2006, cash paid for interest was \$2.4 million and \$1.7 million, respectively.

Cash paid by the Company for income taxes during the six months ended June 30, 2007 and June 30, 2006 and the year ended December 31, 2006 was \$0.2 million for each period. Cash paid for income taxes during 2005 and 2004 was less than \$0.1 million.

The acquisition of the member interests in FM that the Company did not already own effective March 31, 2007, was a non-cash investing transaction. See Note 3.

For the year ended December 31, 2006, 2005 and 2004, the Company had non-cash investing transactions for additions to property and equipment totaling \$0.4 million, \$0.5 million and \$0.1 million, respectively, that had not been paid at the end of the year and, therefore, are not included in the caption "Additions to property and equipment" on the Combined Statements of Cash Flows. At June 30, 2007 and 2006, the Company had incurred liabilities for additions to property and equipment totaling \$0.5 million and \$0.1 million that had not been paid.

## 11. Income Taxes

The Company consists of two limited liability companies and four corporations. The earnings of the limited liability companies are directly taxable to the members, and corporations are taxable for federal and state income tax purposes. Some states tax limited liability companies independently of their members. The provision for income taxes on the Combined Statements of Operations represents the taxes for the corporations and provisions for state income taxes on the limited liability companies where applicable.

The Company's income tax provision is as follows (in thousands):

	Year-Ended December 31,		
	2006	2005	2004
Current income tax expense:			
Federal	\$ 199	\$ 548	\$ 672
State	38	90	55
Total current tax expense	<u>237</u>	<u>638</u>	<u>727</u>
Deferred income tax expense:			
Federal	579	128	57
State	40	71	5
Total deferred income tax expense	<u>619</u>	<u>199</u>	<u>62</u>
Total income tax expense	<u>\$ 856</u>	<u>\$ 837</u>	<u>\$ 789</u>

Deferred income taxes relate to temporary differences based on tax laws and statutory rates in effect at the December 31, 2006 and 2005 balance sheet dates. At December 31, 2006 and 2005, the Company's deferred tax assets and liabilities were primarily attributable to property and equipment.

The Company's federal tax provision varies from the amount that would result from applying the federal statutory income tax rate to income before income taxes due to the flow-through nature of most of the earnings of the Company.

## 12. Subsequent Events

On January 31, 2007, DPP acquired the remaining 50% interest in TDC, L.L.C. See Note 3.

On March 31, 2007, DPP acquired the remaining 50% interest in Fuel Masters. See Note 3.

On July 25, 2007, the Davison family sold certain energy-related assets of DPP, DT, TC, SOS and DTS to Genesis Energy, L.P. Additionally, the Davison family sold to Genesis Energy, L.P. its sole member interests in TDC, FM and RRT.

**FINANCIAL STATEMENTS OF TDC, L.L.C. (formerly known as Tessengerlo Davison Companies, LLC)**

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## INDEPENDENT AUDITORS' REPORT

To the Executive Committee and Members of TDC, L.L.C.:

We have audited the accompanying balance sheets of TDC, L.L.C. (formerly known as Tessengerlo Davison Companies, LLC) (the "Company") as of December 31, 2006 and 2005, and the related statements of income, members' equity, and cash flows for each of the years in the three-year period ended December 31, 2006. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TDC, L.L.C. as of December 31, 2006 and 2005, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2006 in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Tempe, AZ  
April 17, 2007

**TDC, L.L.C.**  
**(Formerly Known as TESSENDERLO DAVISON COMPANIES, LLC)**  
**BALANCE SHEETS**  
*(In Thousands)*

	December 31,	
	2006	2005
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 1,255	\$ 1,294
Accounts receivable, net of allowance for doubtful accounts of \$73 and \$52, respectively	23,557	24,971
Inventories	4,362	9,762
Prepaid expenses	112	90
Total current assets	29,286	36,117
PROPERTY, PLANT AND EQUIPMENT, NET	3,566	3,345
INTANGIBLE ASSETS, NET	5,200	5,800
OTHER ASSETS	65	-
Total assets	\$ 38,117	\$ 45,262
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current maturities of long-term debt	\$ 1,255	\$ 1,206
Accounts payable and accrued expenses:		
Trade	9,009	12,053
Members'	807	1,057
Total current liabilities	11,071	14,316
LONG-TERM DEBT, excluding current maturities	3,259	4,514
Total liabilities	14,330	18,830
<b>COMMITMENTS AND CONTINGENCIES (Note 7)</b>		
<b>MEMBERS' EQUITY:</b>		
Members' equity	100	100
Retained earnings	23,687	26,332
Total members' equity	23,787	26,432
Total liabilities and members' equity	\$ 38,117	\$ 45,262

See accompanying notes to financial statements.

**TDC, L.L.C.**  
**(Formerly Known as TESSENDERLO DAVISON COMPANIES, LLC)**  
**STATEMENTS OF INCOME**  
*(In Thousands)*

	Year-Ended December 31,		
	2006	2005	2004
SALES (Note 3)	\$ 137,522	\$ 119,268	\$ 76,951
COST OF GOODS SOLD (Note 3)	93,817	80,214	50,931
Gross Profit	43,705	39,054	26,020
General and administrative expenses	5,917	5,554	6,105
OPERATING INCOME	37,788	33,500	19,915
OTHER INCOME (EXPENSE):			
Interest income	274	104	29
Interest expense	(277)	(93)	(2)
Other	(2,430)	(2,152)	71
Total other income (expense)	(2,433)	(2,141)	98
NET INCOME	\$ 35,355	\$ 31,359	\$ 20,013

See accompanying notes to financial statements.

**TDC, L.L.C.**  
**(Formerly Known as TESSENDERLO DAVISON COMPANIES, LLC)**  
**STATEMENTS OF MEMBERS' EQUITY**  
*(In Thousands)*

	Members'	Retained	Total
	Equity	Earnings	Members'
	Equity	Earnings	Equity
Balances, December 31, 2003	\$ 100	\$ 12,960	\$ 13,060
Net income	-	20,013	20,013
Member distributions	-	(13,500)	(13,500)
Balances, December 31, 2004	100	19,473	19,573
Net income	-	31,359	31,359
Member distributions	-	(24,500)	(24,500)
Balances, December 31, 2005	100	26,332	26,432
Net income	-	35,355	35,355
Member distributions	-	(38,000)	(38,000)
Balances, December 31, 2006	<u>\$ 100</u>	<u>\$ 23,687</u>	<u>\$ 23,787</u>

See accompanying notes to financial statements.

**TDC, L.L.C.**  
**(Formerly Known as TESSENDERLO DAVISON COMPANIES, LLC)**  
**STATEMENTS OF CASH FLOWS**  
*(In Thousands)*

	Year-Ended December 31,		
	2006	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 138,937	\$ 108,678	\$ 70,176
Cash paid to employees and suppliers	(99,134)	(82,862)	(53,841)
Interest received	274	104	29
Interest paid	(277)	(93)	(2)
Net cash provided by operating activities	39,800	25,827	16,362
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of land and equipment	(633)	(801)	(2,749)
Purchase of intangible assets	-	(4,000)	-
Net cash used in investing activities	(633)	(4,801)	(2,749)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Debt repayment	(1,206)	(280)	-
Debt proceeds	-	4,000	-
Member distributions	(38,000)	(24,500)	(13,500)
Net cash (used in) provided by financing activities	(39,206)	(20,780)	(13,500)
Net (decrease) increase in cash and cash equivalents	(39)	246	113
Cash and cash equivalents at beginning of period	1,294	1,048	935
Cash and cash equivalents at end of period	\$ 1,255	\$ 1,294	\$ 1,048

The reconciliation of net income to net cash provided by operating activities, as shown above, is as follows:

Net income	\$ 35,355	\$ 31,359	\$ 20,013
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	1,011	485	15
Changes in operating assts and liabilities:			
(Increase) decrease in receivables, net	1,414	(10,590)	(6,775)
(Increase) decrease in inventories	5,400	(1,775)	(1,343)
(Increase) decrease in prepaid expense	(22)	(1)	300
Increase in deposits	(65)	-	-
Increase (decrease) in accounts payable and accrued expenses	(3,293)	6,349	4,152
Net cash provided by operating activities	\$ 39,800	\$ 25,827	\$ 16,362

Supplemental schedule of noncash investing and financing activities:

During 2005, the Company purchased certain intangible assets for \$6 million. Of the total purchase price, the seller agreed to carry back a \$2 million non-interest bearing note with monthly payments of \$42.

See accompanying notes to financial statements.

**TDC, L.L.C.**  
**(Formerly Known as TESSENDERLO DAVISON COMPANIES, LLC)**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Organization and Summary of Significant Accounting Policies**

*The Company*

TDC, L.L.C. (formerly known as Tessenderlo Davison Chemicals, LLC) (the “Company”) was formed with Tessenderlo Kerley, Inc (TKI) and Davison Petroleum Products, LLC (Davison), as equal members. The Company is a limited liability company and as a result, certain member liabilities are limited. The Company is involved in sulphur recovery operations, and the manufacturing and marketing of sulphur based products, primarily in North and South America. The Company rents certain capital assets from its members. These capital assets are recorded and depreciated by TKI and Davison.

*Cash Equivalents*

The Company considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. Cash equivalents generally consist of short-term certificates of deposit.

*Accounts Receivable*

Accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company’s best estimate of the amount of probable credit losses on the Company’s existing accounts receivable.

*Inventories*

Finished goods and raw material inventories are stated at the lower of cost or market. Cost is determined principally under the average cost method which approximates first-in, first-out.

*Property, Plant and Equipment*

Property, plant and equipment are recorded at cost. Depreciation is calculated on the straight-line method over the assets’ estimated useful lives ranging from 3 to 20 years.

*Intangible Assets*

SFAS No. 142, *Goodwill and Other Intangible Assets* requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144, *Accounting for Impairment or Disposal of Long-Lived Assets*. The Company reviews long-lived assets and certain identifiable intangibles with estimated useful lives for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

*Fair Value of Financial Instruments*

The carrying amount of financial instruments, consisting of investments in cash, cash equivalents, receivables, and obligations under accounts payable, approximates fair value due to their short maturities. The carrying amount of the Company’s interest bearing long-term debt approximates fair value as the related interest rate approximates market rates for similar long-term debt instruments.

### *Income Taxes*

The Company is a limited liability company. Accordingly, taxable income or losses are included in the income tax returns of the members. Therefore, no provision or benefit has been made for income taxes in the accompanying financial statements.

### *Revenue Recognition*

The Company records revenue upon the shipment of products and the transfer of title to customers or when services are provided. Approximately 19%, 16% and 12% of the Company's revenue is generated from sales to customers in South America during 2006, 2005 and 2004, respectively.

### *Commitments and Contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

### *Use of Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make a number of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions affect the reported amount of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates and assumptions based upon historical experience and various other factors and circumstances. The Company believes that its estimates and assumptions are reasonable in the circumstances; however, actual results may differ from these estimates under different future conditions.

## **2. Inventories**

Inventories consist of the following (in thousands):

	December 31,	
	2006	2005
Raw materials	\$ 1,424	\$ 5,280
Finished goods	2,938	4,482
	<u>\$ 4,362</u>	<u>\$ 9,762</u>

## **3. Related Party Transactions**

The Company pays its members for certain payroll, insurance, employee benefits, storage, transportation, capital asset rental and other expenses. The amount paid to its members for the years ended December 31, 2006, 2005 and 2004 was \$18.5 million, \$16.7 million and \$16.2 million, respectively. The amount owed to its members for those expenses was \$0.8 million and \$1.1 million at December 31, 2006 and 2005, respectively.

The Company sold various products during 2006, 2005 and 2004 to its members amounting to \$0.5 million, \$0.9 million and \$4.6 million, respectively. There are no amounts due from its members at December 31, 2006 and 2005.

#### 4. Property, Plant, and Equipment

Property, plant, and equipment consist of the following (in thousands):

	December 31,	
	2006	2005
Land	\$ 186	\$ 186
Machinery and equipment	3,895	3,291
Construction in progress	200	172
	<u>4,281</u>	<u>3,649</u>
Accumulated depreciation	(715)	(304)
	<u>\$ 3,566</u>	<u>\$ 3,345</u>

#### 5. Intangible Assets

Intangible assets consist of the following (in thousands):

	December 31,	
	2006	2005
Customer lists and relationships	\$ 3,000	\$ 3,000
Covenant not to compete	3,000	3,000
	<u>6,000</u>	<u>6,000</u>
Accumulated amortization	(800)	(200)
	<u>\$ 5,200</u>	<u>\$ 5,800</u>

During 2005, the Company purchased a customer list, a covenant not to compete, assumed the lease of certain railcars and agreed to lease certain assets from Chemical Products Corporation (Seller) for \$6 million in cash. As part of the acquisition, the Seller agreed to carry back a \$2 million non-interest bearing note with monthly payments of \$41,667 for four years. The Customer List and Covenant Not to Compete are being amortized on a straight-line basis over 10 years. For the years ended December 31, 2006 and 2005, the Company recognized amortization expense of \$0.6 million and \$0.2 million, respectively. The Company expects to amortize these intangible assets \$0.6 million each year until they are fully amortized.

## 6. Long-Term Debt

Long-term debt consists of the following (in thousands):

	December 31,	
	2006	2005
Note payable to Bank, interest at 6.49%, principal and interest payment of \$78 due monthly, note matures on October 27, 2010	\$ 3,181	\$ 3,887
Obligation to Seller, payments of \$42 due monthly, obligation matures on August 31, 2009	1,333	1,833
	<u>4,514</u>	<u>5,720</u>
Current maturities of long-term debt	(1,255)	(1,206)
	<u>\$ 3,259</u>	<u>\$ 4,514</u>

The note payable to bank mentioned above is collateralized by the Company's inventory and receivables.

## 7. Commitments and Contingencies

The Company leases certain railroad cars and vehicles under noncancellable operating leases. Minimum annual rentals under the leases may be increased due to government imposed equipment additions or reduced by certain credits received by the company for railroad usage. Total rent expense for the years ended December 31, 2006, 2005 and 2004 was \$4.2 million, \$4.2 million and \$3.3 million, respectively.

A summary of the minimum future rental payments required by noncancellable operating leases with initial terms of more than one year after December 31, 2006, follows (in thousands):

Year ending December 31:	
2007	\$ 3,400
2008	2,943
2009	2,329
2010	1,424
2011	954
Thereafter	4,278
	<u>\$ 15,328</u>

From time to time, the Company is involved in litigation and claims arising in the normal course of operations. In the opinion of management based on consultation with legal counsel, a \$4 million provision has been made for losses, if any, that might result from the ultimate outcome of these matters. The provision is recorded in other income (expense) in the accompanying statements of income.

**8. Subsequent Events**

On January 31, 2007 Tessengerlo Kerley, Inc. sold certain assets and redeemed its interest in the Company for \$80 million plus a calculated percentage of the Company's working capital as of January 31, 2007.

**FINANCIAL STATEMENTS OF TDC, L.L.C. (formerly Tessengerlo Davison  
Companies, LLC)**

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**TDC, L.L.C.**  
**UNAUDITED BALANCE SHEET**  
*(In Thousands)*

	June 30, 2007
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 15,903
Trade accounts receivable, net of allowance for doubtful accounts of \$91	21,506
Inventories	3,891
Prepaid expenses	507
Total current assets	41,807
PROPERTY, PLANT AND EQUIPMENT, NET	10,452
INTANGIBLE ASSETS, NET	71,044
OTHER ASSETS	1,036
Total other assets	82,532
TOTAL ASSETS	\$ 124,339
LIABILITIES AND MEMBER'S EQUITY	
CURRENT LIABILITIES:	
Current maturities of long-term debt	\$ 9,371
Accounts payable and accrued expenses:	
Trade	10,113
Member	636
Total current liabilities	20,120
LONG-TERM DEBT, excluding current maturities	79,494
Total liabilities	99,614
MEMBER'S EQUITY	24,725
Total member's equity	24,725
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ 124,339

See accompanying notes to unaudited financial statements.

**TDC, L.L.C.**  
**UNAUDITED STATEMENT OF INCOME**  
*(In Thousands)*

	<u>Six Months Ended June 30, 2007</u>
SALES	68,458
COST OF GOODS SOLD	47,517
GENERAL AND ADMINISTRATIVE EXPENSES	<u>3,332</u>
OPERATING INCOME	17,609
OTHER INCOME (EXPENSE):	
Interest income	400
Interest expense	(2,530)
Other expense	<u>(64)</u>
Total other income (expense)	<u>(2,194)</u>
NET INCOME	<u>\$ 15,415</u>

See accompanying notes to unaudited financial statements.

**TDC, L.L.C.**  
**UNAUDITED STATEMENT OF MEMBER'S EQUITY**  
*(In Thousands)*

Balance, January 1, 2007	23,787
Net income	15,415
Member interest redeemed	<u>(14,477)</u>
Balance, June 30, 2007	<u>\$ 24,725</u>

See accompanying notes to unaudited financial statements.

**TDC, L.L.C.**  
**UNAUDITED STATEMENT OF CASH FLOWS**  
*(In Thousands)*

	Six Months Ended June 30, 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Cash received from customers	\$ 70,509
Cash paid to employees and suppliers	(45,115)
Interest received	400
Interest paid	(2,530)
Net cash provided by operating activities	23,264
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchase of land and equipment	(336)
Purchase of member interest	(91,501)
Net cash used in investing activities	(91,837)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Debt repayment	(8,549)
Proceeds from debt issuance	92,900
Debt financing costs	(1,130)
Net cash provided by financing activities	83,221
Net increase in cash and cash equivalents	14,648
Cash and cash equivalents at beginning of period	1,255
Cash and cash equivalents at end of period	\$ 15,903

The reconciliation of net income to net cash provided by operating activities, as shown above, is as follows:

Net income	\$ 15,415
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	4,630
Amortization of deferred financing fees	94
Changes in operating assets and liabilities:	
Decrease in receivables, net	2,051
Decrease in inventories	471
Increase in prepaid expense	(395)
Decrease in deposits	65
Increase in accounts payable and accrued expenses	933
Net cash provided by operating activities	\$ 23,264

See accompanying notes to unaudited financial statements.

**TDC, L.L.C.**  
**NOTES TO UNAUDITED FINANCIAL STATEMENTS**

These unaudited financial statements of TDC, L.L.C. (the "Company") as of and for the six months ended June 30, 2007 should be read in conjunction with the audited financial statements for TDC, L.L.C. for the year ended December 31, 2006, included as Exhibit 99.2 of this Form 8-K/A of Genesis Energy, L.P. A description of the organization and a summary of the significant accounting policies of TDC, L.L.C. is included in that exhibit.

**1. Acquisition of Member Interest**

On January 31, 2007, the Company acquired the 50% member interest of Tessengerlo Kerley, Inc. (TKI) for \$91.5 million, including related acquisition costs, resulting in Davison Petroleum Products, LLC (Davison) becoming its sole member. The Company borrowed the funds for the acquisition under a credit facility obtained by the Company for the acquisition. The purchase price exceeded the fair value of the net working capital acquired by \$81.0 million. This excess purchase price was allocated to the tangible and identifiable intangible assets of the Company based on their preliminary fair values, which are not expected to differ materially from the final values. Property, plant and equipment was allocated \$8.5 million of the purchase price, which is being amortized over an average useful life of 8 years. \$36.7 million of the purchase price was allocated to customer relationships, \$1.2 million to a covenant not-to-compete and \$34.6 million was allocated to supplier and licensing agreements.

**2. Inventories**

Inventories at June 30, 2007 consist of the following (in thousands):

Raw materials	\$	1,713
Finished goods		2,178
		3,891
		\$ 3,891

**3. Related Party Transactions**

The Company pays its member for certain payroll, insurance, employee benefits, storage, transportation, capital asset rental and other expenses. The amounts paid to its member for the six months ended June 30, 2007 was \$4.0 million. The amount owed to its member for those expenses was \$0.6 million at June 30, 2007.

No products were sold to its members during the six months ended June 30, 2007.

**4. Property, Plant, and Equipment**

Property, plant, and equipment at June 30, 2007 consist of the following (in thousands):

Land	\$	186
Machinery and equipment		11,192
Construction in progress		286
		11,664
Accumulated depreciation		(1,212)
		\$ 10,452

The Company recognized depreciation of \$0.6 million for the six months ended June 30, 2007.

**5. Intangible Assets**

Intangible assets consist of the following (in thousands):

Customer lists and relationships	\$	38,028
Covenant not to compete		1,222
Supplier and licensing agreements		<u>35,807</u>
		75,057
Accumulated amortization		<u>(4,013)</u>
	\$	<u><u>71,044</u></u>

The Company recognized amortization expense on its intangible assets of \$4.0 million during the six months ended June 30, 2007.

## 6. Long-Term Debt

Long-term debt at June 30, 2007 consists of the following (in thousands):

Obligation to third party, payments of \$42 due monthly, non-interest bearing, obligation matures on August 31, 2009	\$	1,083
Notes payable to Bank, interest at prime rate and principal payments of \$2,218 due quarterly, notes mature \$57,857 in 2012 and \$29,925 in 2014, secured by the assets of the Company		<u>87,782</u>
		88,865
Current maturities of long-term debt		<u>(9,371)</u>
	\$	<u><u>79,494</u></u>

## 7. Subsequent Events

On July 25, 2007, the Company was sold by Davison to Genesis Energy, L.P.

## FINANCIAL STATEMENTS OF FUEL MASTERS, LLC

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
Fuel Masters, LLC  
Abilene, Texas

We have audited the accompanying balance sheets of Fuel Masters, LLC (the "Company") as of December 31, 2006 and 2005, and the related statements of operations, members' equity, and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Fuel Masters, LLC as of December 31, 2006 and 2005, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Houston, TX  
October 8, 2007

**FUEL MASTERS, LLC**  
**BALANCE SHEETS**

(in thousands)

	June 30, 2007 (Unaudited)	December 31,	
		2006	2005
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash	\$ 316	\$ 416	\$ 368
Accounts receivable, trade	20,246	14,719	9,071
Other current assets	63	77	130
Total current assets	<u>20,625</u>	<u>15,212</u>	<u>9,569</u>
<b>PROPERTY AND EQUIPMENT:</b>			
Transportation equipment	68	51	35
Office furniture and equipment	233	193	123
Total cost	301	244	158
Accumulated depreciation	(121)	(96)	(48)
Property and equipment, net	180	148	110
GOODWILL	2,716	-	-
OTHER ASSETS	2	3	419
<b>TOTAL ASSETS</b>	<u><u>\$ 23,523</u></u>	<u><u>\$ 15,363</u></u>	<u><u>\$ 10,098</u></u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable, trade	\$ 15,250	\$ 9,239	\$ 6,644
Note payable under credit facility	1,159	3,879	1,528
Note payable to member	2,250	-	-
Accrued expenses	89	42	27
Total current liabilities	<u>18,748</u>	<u>13,160</u>	<u>8,199</u>
NOTES PAYABLE TO MEMBERS, LONG-TERM	-	550	550
COMMITMENTS AND CONTINGENCIES (Note 4)			
MEMBERS' EQUITY	<u>4,775</u>	<u>1,653</u>	<u>1,349</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u><u>\$ 23,523</u></u>	<u><u>\$ 15,363</u></u>	<u><u>\$ 10,098</u></u>

See accompanying notes to financial statements.

**FUEL MASTERS, LLC**  
**STATEMENTS OF OPERATIONS**  
*(in thousands)*

	Six Months Ended June 30,		Year-Ended December 31,		
	2007	2006	2006	2005	2004
	(Unaudited)				
Sales	\$ 171,143	\$ 108,077	\$ 224,926	\$ 201,382	\$ 129,278
Cost of sales	169,703	107,132	222,778	199,259	128,326
General and administrative expenses	887	595	1,411	1,095	845
OPERATING INCOME	553	350	737	1,028	107
OTHER INCOME (EXPENSE):					
Interest income	-	9	11	1	-
Interest expense	(152)	(65)	(129)	(125)	(79)
Total other income (expense)	(152)	(56)	(118)	(124)	(79)
NET INCOME	\$ 401	\$ 294	\$ 619	\$ 904	\$ 28

See accompanying notes to financial statements.

**FUEL MASTERS, LLC**  
**STATEMENTS OF CASH FLOWS**  
*(in thousands)*

	Six Months Ended June 30,		Year-Ended December 31,		
	2007	2006	2006	2005	2004
	(Unaudited)				
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Net income	\$ 401	\$ 294	\$ 619	\$ 904	\$ 28
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	29	23	50	29	19
Changes in operating assets and liabilities:					
Accounts receivable, trade	(5,527)	(1,167)	(5,648)	(2,272)	(1,857)
Other current assets	14	79	53	(48)	(40)
Accounts payable	6,011	1,282	2,595	1,375	2,359
Accrued expenses	47	24	15	(38)	38
Net cash provided by (used in) operating activities	975	535	(2,316)	(50)	547
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchase of property and equipment	(61)	(74)	(86)	(82)	(25)
Other, net	1	370	414	211	(425)
Net cash (used in) provided by investing activities	(60)	296	328	129	(450)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Issuance (repayment) of short-term debt, net	(2,720)	(459)	2,351	284	244
Issuance of debt to members	1,950	-	-	50	3,937
Repayment of debt to members	-	-	-	(520)	(3,830)
Distributions to members	(245)	(315)	(315)	-	-
Net cash (used in) provided by financing activities	(1,015)	(774)	2,036	(186)	351
Net increase (decrease) in cash	(100)	57	48	(107)	448
Cash at beginning of period	416	368	368	475	27
Cash at end of period	\$ 316	\$ 425	\$ 416	\$ 368	\$ 475

See accompanying notes to financial statements.

**FUEL MASTERS, LLC**  
**STATEMENTS OF MEMBERS' EQUITY**  
*(in thousands)*

	Davison Petroleum Products, LLC	Lancer Partners, Ltd.	John A. Landers	Total Members' Equity
Balances, January 1, 2003	\$ 209	\$ 104	\$ 104	\$ 417
Net income for the year ended December 31, 2004	14	7	7	28
Balances, December 31, 2004	223	111	111	445
Net income for the year ended December 31, 2005	452	226	226	904
Balances, December 31, 2005	675	337	337	1,349
Net income for the year ended December 31, 2006	309	155	155	619
Member distributions for the year ended December 31, 2006	(157)	(79)	(79)	(315)
Balances, December 31, 2006	827	413	413	1,653
Net income for the three months ended March 31, 2007 (unaudited)	16	8	8	32
Net income for the three months ended June 30, 2007 (unaudited)	369	-	-	369
Member distributions during the six months ended June 30, 2007 (unaudited)	(123)	(61)	(61)	(245)
Acquisition of member interests at March 31, 2007 (unaudited)	3,686	(360)	(360)	2,966
Balances, June 30, 2007 (unaudited)	<u>\$ 4,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,775</u>

See accompanying notes to financial statements.

**FUEL MASTERS, LLC**  
**NOTES TO FINANCIAL STATEMENTS**

**1. Organization and Summary of Significant Accounting Policies**

*Organization*

Fuel Masters, LLC (“Fuel Masters”) was organized as a limited liability company in the state of Texas for the purpose of engaging in the business of buying, transporting and selling petroleum products. Fuel Masters maintains its offices in Abilene, Texas.

Fuel Masters is managed by its members. Until March 31, 2007, Fuel Masters was owned 50% by Davison Petroleum Products, LLC (“DPP”), 25% by Lancer Partners, Ltd and 25% by John A. Landers. Effective March 31, 2007, DPP acquired the 50% of Fuel Masters it did not already own.

*Basis of Presentation*

The accompanying financial statements and related notes present Fuel Masters’ financial position as of June 30, 2007, December 31, 2006 and 2005, and its results of operations, cash flows and members’ equity for the years ended December 31, 2006, 2005 and 2004 and its results of operations and cash flows for the six-month periods ended June 30, 2007 and 2006.

The balance sheet as of June 30, 2007, and the statements of operations and cash flows for the six months ended June 30, 2007 and 2006, and the statement of members’ equity for the six months ended June 30, 2007 have been prepared without audit. Accordingly, they reflect all adjustments (which consist solely of normal recurring adjustments) which are, in the opinion of Fuel Masters, necessary for a fair presentation of the financial results for interim periods.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Such estimates and assumptions affect the reported amount of revenues and expenses during the reporting period. On an ongoing basis, Fuel Masters evaluates its estimates and assumptions based upon historical experience and various other factors and circumstances. Fuel Masters believes that its estimates and assumptions are reasonable in the circumstances; however, actual results may differ from these estimates.

*Cash*

Cash and cash equivalents consist of all demand deposits and funds invested in highly liquid instruments with original maturities of three months or less. Fuel Masters has no requirement for compensating balances or restrictions on cash.

*Accounts Receivable*

All receivables considered doubtful have been charged to current operations and it is management’s opinion that no additional material amounts are doubtful of collection; accordingly, no allowance for doubtful accounts has been established.

*Property and Equipment*

Property and equipment are carried at cost, net of accumulated depreciation. Depreciation is calculated on the straight-line method. Estimated lives used in calculating depreciation are 3 to 5 years for office furniture and equipment and 5 years for transportation equipment.

Property and equipment are reviewed for impairment when events or circumstances indicate that its carrying value may not be recoverable. The carrying value of property and equipment is not recoverable if it exceeds the sum of the undiscounted cash flows expected to be generated from the use and ultimate disposal of the asset. If the carrying value is determined to not be recoverable under this method, an impairment charge equal to the amount the carrying value exceeds the fair value is recognized. Fair value is generally determined from estimated discounted future net cash flows.

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

Depreciation expense for the years ended December 31, 2006, 2005 and 2004 was \$48,000, \$26,000 and \$16,000, respectively.

#### *Revenue Recognition*

Fuel Masters purchases petroleum products and arranges for its delivery to Fuel Masters' customers. Revenue for the sale of the petroleum products is recognized when proof of delivery of the products is received.

#### *Income Taxes*

Fuel Masters is treated as a partnership for federal income tax purposes. No provision for federal income taxes related to the operations of Fuel Masters is included in the accompanying financial statements; as such income will be taxable directly to the members.

#### *Excise and Sales Taxes*

Fuel Masters collects and remits excise and sales taxes to state and federal governmental authorities on its sales of fuels. These taxes are presented on a net basis, with any differences due to rebates allowed by those governmental entities reflected as revenues.

#### *Transportation Costs*

Fuel Masters contracts with third parties to transport fuels to its customers. These costs are included in the prices that Fuel Masters charges to its customers for fuel, and the amounts paid to the third parties for transportation are included in cost of sales.

#### *Concentrations*

Fuel Masters has a concentration of customers in the energy industry. This concentration of customers may impact Fuel Masters' overall credit risk, either positively or negatively, in that these entities may be similarly affected by changes in economic or other conditions. Management believes that the receivable diversification and creditworthiness of Fuel Masters' customer base reduces the credit risk posed by this industry concentration. Fuel Masters has minimal risk of loss of the petroleum products it buys and sells due to the use of third parties to provide transportation services.

#### *Fair Value of Financial Instruments*

The carrying amounts of accounts receivable, other current assets, accounts payable and accrued expenses in the balance sheets approximate fair value due to their short-term nature. The interest rates on Fuel Masters' notes payable approximates market rates of interest and the notes are short-term in nature, therefore the carrying value of notes payable approximates their fair value.

#### *New Accounting Pronouncements*

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 157, "Fair Value Measurements", or SFAS 157. SFAS 157 defines fair value, establishes a framework for measuring fair value in accordance with accounting principles generally accepted in the United States, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007, with earlier adoption encouraged. Any amounts recognized upon adoption as a cumulative effect adjustment will be recorded to the opening balance of retained earnings in the year of adoption. SFAS 157 may impact Fuel Masters' balance sheet and statement of operations in many areas including the fair value measurement and allocation of the purchase price in business combinations and the fair value measurements for derivative instruments, impairment of assets, and asset retirement obligations. Fuel Masters' is currently assessing the impact of SFAS 157 on its financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities", or SFAS 159. SFAS 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. Fuel Masters is currently assessing the impact of SFAS 159 on its financial statements.

## 2. Notes Payable and Long-Term Debt

Notes payable and long-term debt consisted of the following, at June 30, 2007 and December 31, 2006, 2005 and 2004 (in thousands):

	June 30,	December 31,	
	2007 (Unaudited)	2006	2005
Short-term note payable under credit facility	\$ 1,159	\$ 3,879	\$ 1,528
Notes payable to members	\$ 2,250	\$ 550	\$ 550
Current maturities of notes payable to members	(2,250)	-	-
Long-term debt	\$ -	\$ 550	\$ 550

At December 31, 2006, Fuel Masters had a \$4,500,000 revolving line of credit facility with a bank. The facility bears interest at the bank's prime interest rate plus 0.50% and is secured by accounts receivable and the guarantees of the members. The facility matures in January 2008. Fuel Masters was in compliance with covenants in the credit agreement as of June 30, 2007.

Fuel Masters has notes payable to members maturing on January 1, 2008. These notes bear interest at 6.75% and are unsecured. These notes are subordinated to the bank credit facility. See Note 6.

## 3. Related Party Transactions

Members of Fuel Masters have made loans to Fuel Masters. See Note 2 above.

Fuel Masters has purchased fuel from and sold fuel to DPP, and Davison Transport, Inc. ("DT"), an affiliate of DPP, transported fuel to Fuel Masters' customers. Fuel Masters believes that these transactions were conducted under terms no more or less favorable than then-existing market conditions. Additionally, Fuel Masters incurred interest expense on its notes with its members as discussed in Note 2 above.

The amounts of these transactions were as follows (in thousands):

	Six Months Ended June 30,		Year-Ended December 31,		
	2007	2006	2006	2005	2004
	(Unaudited)				
Purchases of fuel from DPP	\$ -	\$ 395	\$ 416	\$ 715	\$ 220
Sales of fuel to DPP	\$ 15	\$ 206	\$ 222	\$ -	\$ -
Transportation fees charged by DT	\$ 2	\$ 18	\$ 26	\$ 18	\$ 2
Interest expense incurred on notes payable to members:					
DPP	\$ 27	\$ 10	\$ 20	\$ 17	\$ 22
Lancer Partners, Ltd.	\$ -	\$ 5	\$ 10	\$ 8	\$ 7
John A. Landers	\$ -	\$ 3	\$ 7	\$ 6	\$ 4

In addition to the notes payable to the members discussed in Note 2 above, Fuel Masters owed DPP \$27,000 for interest on the note payable to DPP at June 30, 2007.

The members of Fuel Masters and affiliates of DPP provide guarantees to certain of the vendors from whom Fuel Masters purchases fuel.

#### **4. Commitments and Contingencies**

Fuel Masters leases office space under an operating lease. Future minimum lease payments are \$38,000 for 2007, \$39,000 for 2008 and \$16,000 for 2009. Rental expense under operating leases totaled \$37,000, \$36,000 and \$30,000 for the years ended December 31, 2006, 2005 and 2004, respectively. For each of the six month periods ended June 30, 2007 and 2006, rental expense was \$18,000 (unaudited).

#### **5. Supplemental Cash Flow Information**

Cash paid by Fuel Masters for interest during the years ended December 31, 2006, 2005 and 2004 was \$121,000, \$169,000 and \$44,000, respectively. Cash paid for interest during the six months ended June 30, 2007 and 2006 was \$125,000 (unaudited) and \$46,000 (unaudited), respectively.

As discussed in Note 6 below, DPP acquired the member interests in Fuel Masters that it did not already own effective March 31, 2007. This purchase price consisted of notes that had not been paid at June 30, 2007, so the transaction had no effect on the statement of cash flows.

#### **6. Subsequent Events**

Effective March 31, 2007, DPP acquired the 50% interest in Fuel Masters that it did not already own. The purchase price consisted of notes to be paid with cash and securities. DPP intends to use approximately 36,000 Genesis Energy, L.P. common units as the securities it will transfer to the former members to satisfy the securities portion of the note. For purposes of valuing the securities to be transferred for financial statement purposes, the average market price of Genesis' common units for the days surrounding the date of execution of the notes was used for valuation, resulting in a value of \$0.8 million for the securities and \$3.0 million to be paid with cash in the second half of 2007. The notes are non-interest-bearing, which resulted in a total purchase price of \$3.7 million after consideration of imputed interest. For purposes of the financial statements for the six-month period ended June 30, 2007, this additional investment by DPP in Fuel Masters has been pushed down to the financial statements of Fuel Masters. The excess of the additional investment over the fair value of the net assets acquired has been allocated to goodwill in the June 30, 2007 balance sheet.

On July 25, 2007, DPP sold certain of its assets, including Fuel Masters, to Genesis Energy, L.P.

GENESIS ENERGY, L.P.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS

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**GENESIS ENERGY, L.P.**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The following Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2007 and the Unaudited Pro Forma Condensed Consolidated Statement of Operations for the year ended December 31, 2006 and the six months ended June 30, 2007 give effect to the acquisition by Genesis Energy, L.P. (“Genesis”) of the Combined Davison Businesses (“Davison”), TDC, L.L.C. (“TDC”) and Fuel Masters, LLC (“FM”) and the related assumptions and adjustments described in the notes thereto. These statements will be referred to as the Unaudited Pro Forma Statements.

Under the purchase method of accounting for business combinations, the purchase price is allocated among the assets acquired and the liabilities assumed based on their estimated fair values. The preliminary allocation of the purchase price used in the unaudited pro forma condensed consolidated financial statements is based on management’s preliminary valuation. The estimates and assumptions are subject to change upon finalization of the valuation. The final purchase price may be impacted by additional direct transaction costs as well as the effects of purchase price adjustments provided for in the acquisition agreement. Additionally, the final balance sheet of Davison at July 31, 2007, the balance sheet date closest to the closing date of the transaction, will be used for the final purchase price allocations. The primary areas of the purchase price allocation which are not yet finalized relate to the fair value of tangible assets, identifiable intangible assets and goodwill. Actual amounts recorded upon finalization of estimates of fair values, including acquisition-related intangibles may differ from the information presented in these unaudited pro forma condensed consolidated financial statements. However, it is not anticipated that any final adjustments will have a material impact on the Company’s pro forma operating results.

The Unaudited Pro Forma Statements are based upon the historical unaudited and audited financial statements of Genesis, Davison, TDC and FM. Davison acquired the portion of TDC and FM that it did not previously own during the six months ended June 30, 2007. As a result, the balance sheet of Davison at June 30, 2007 includes the balance sheets of TDC and FM, and the balance sheets of TDC and FM are not reflected separately in the Unaudited Pro Forma Condensed Consolidated Balance Sheet as of June 30, 2007. The Unaudited Pro Forma Condensed Consolidated Statement of Operations for the six months ended June 30, 2007 includes the results of operations for TDC and FM and the adjustments to that statement eliminate the duplication of a portion of the results of those entities in the Davison statement of operations related to the period when Davison owned only 50% of TDC and FM.

The Unaudited Pro Forma Statements of Genesis should be read in conjunction with the audited consolidated financial statements and notes thereto included in Genesis’ Annual Report on Form 10-K for the year ended December 31, 2006, the unaudited consolidated financial statements and notes thereto included in Genesis’ Quarterly Report on Form 10-Q for the six months ended June 30, 2007, and the audited and unaudited financial statements of Davison, TDC and FM included in this current report on Form 8-K/A.

The Unaudited Pro Forma Statements were prepared assuming that the acquisition by Genesis of Davison (which includes TDC and FM as described above) was consummated as of June 30, 2007 for the Unaudited Pro Forma Condensed Consolidated Balance Sheet, and as of January 1 of each period presented for the Unaudited Pro Forma Condensed Consolidated Statements of Operations. The Unaudited Pro Forma Statements have been prepared based upon assumptions deemed appropriate by Genesis and may not be indicative of actual results.

**GENESIS ENERGY, L.P.**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**  
**June 30, 2007**  
*(In thousands)*

	Historical Genesis	Combined Davison Businesses	Adjustments for Items Not Acquired or Assumed (A)	Pro Forma Adjustments	Pro Forma Genesis
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and cash equivalents	\$ 3,832	\$ 16,861		\$ (14,727) (B)	\$ 5,966
Accounts receivable	89,485	57,177			146,662
Inventories	11,302	6,495			17,797
Other current assets	2,464	9,935	\$ (5,952)		6,447
Total current assets	<u>107,083</u>	<u>90,468</u>			<u>\$ 176,872</u>
FIXED ASSETS, NET	29,893	36,270		45,341 (C)	111,504
RECEIVABLES FROM RELATED PARTIES	-	71,300	(71,300)		-
JOINT VENTURES AND OTHER INVESTMENTS	17,619	129	(129)		17,619
INTANGIBLE ASSETS, net of amortization	-	71,044		225,161 (D)	225,161
				(71,044) (E)	
GOODWILL	-	2,716		296,228 (F)	296,228
				(2,716) (E)	
OTHER ASSETS, net of amortization	48,731	12,565	(11,169)	2,134 (G)	52,261
<b>TOTAL ASSETS</b>	<u><u>\$ 203,326</u></u>	<u><u>\$ 284,492</u></u>			<u><u>\$ 879,645</u></u>
<b>LIABILITIES AND PARTNERS' CAPITAL</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable and accrued liabilities	\$ 99,215	\$ 38,124	(2,357)		\$ 134,982
Current portion of long-term debt	-	52,782	(52,782)		-
Total current liabilities	<u>99,215</u>	<u>90,906</u>			<u>134,982</u>
LONG-TERM DEBT	22,800	109,890	(109,890)	282,019 (H)	304,819
OTHER LONG-TERM LIABILITIES	963	2,881	(2,881)		963
COMMITMENTS AND CONTINGENCIES					
MINORITY INTERESTS	521			31 (I)	552
<b>PARTNERS' CAPITAL:</b>					
Common unitholders	78,166			352,331 (J)	430,497
General partner	1,661			6,171 (K)	7,832
Owners' equity	<u>80,815</u>	<u>80,815</u>		(80,815) (L)	<u>-</u>
Total partners' capital	<u>79,827</u>	<u>80,815</u>			<u>438,329</u>
<b>TOTAL LIABILITIES AND PARTNERS' CAPITAL</b>	<u><u>\$ 203,326</u></u>	<u><u>\$ 284,492</u></u>			<u><u>\$ 879,645</u></u>

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

**GENESIS ENERGY, L.P.**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Six Months Ended June 30, 2007**  
*(In thousands, except per unit amounts)*

	Historical Genesis	Combined Davison Businesses	TDC, L.L.C.	Fuel Masters, LLC	Elimination of Duplicated Operations (M)	Adjustments for Items Not Acquired or Assumed (A)	Pro Forma Adjustments		Pro Forma Genesis
REVENUES	\$ 384,580	\$ 244,386	\$ 68,458	\$ 171,143	\$ (156,355)		\$ (4,624)	(N)	\$ 707,588
COSTS AND EXPENSES:									
Cost of sales and operating costs	375,391	225,131	47,517	169,703	(140,007)	\$ (539)	(4,624)	(N)	681,802
							(9,032)	(O)	
							18,262	(P)	
General and administrative expenses	<u>8,928</u>	<u>4,663</u>	<u>3,332</u>	<u>887</u>	<u>(3,332)</u>	<u>(111)</u>			<u>14,367</u>
Total costs and expenses	<u>384,319</u>	<u>229,794</u>	<u>50,849</u>	<u>170,590</u>	<u>(143,339)</u>	<u>(650)</u>	<u>4,606</u>		<u>696,169</u>
OPERATING INCOME	261	14,592	17,609	553	(13,016)	650	(9,230)		11,419
OTHER INCOME (EXPENSE):									
Interest expense, net	(547)	(1,740)	(2,130)	(152)	2,291	1,731	(10,901)	(Q)	(11,448)
Other	-	22	(64)	-		-	-		(42)
Equity in earnings of joint ventures	554	2,586	-			(19)	(2,567)	(R)	554
Income tax (expense) benefit	(55)	188	-				(188)	(S)	(55)
Minority interest	<u>-</u>		<u>-</u>				<u>-</u>	(T)	<u>-</u>
INCOME FROM CONTINUING OPERATIONS	<u>\$ 213</u>	<u>\$ 15,648</u>	<u>\$ 15,415</u>	<u>\$ 401</u>	<u>\$ (10,725)</u>	<u>\$ 2,362</u>	<u>\$ (22,886)</u>		<u>\$ 428</u>
INCOME FROM CONTINUING OPERATIONS PER COMMON UNIT - BASIC AND DILUTED	<u>\$ 0.02</u>								<u>\$ 0.01</u>
Weighted average number of common units outstanding	<u>13,784</u>						<u>14,535</u>	(J)	<u>28,319</u>

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

**GENESIS ENERGY, L.P.**  
**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**For the Year Ended December 31, 2006**

*(In thousands, except per unit amounts)*

	Historical Genesis	Combined Davison Businesses	TDC, L.L.C.	Fuel Masters, LLC	Adjustments for Items Not Acquired or Assumed (A)	Pro Forma Adjustments		Pro Forma Genesis
REVENUES	\$ 918,369	\$ 208,461	\$ 137,522	\$ 224,926	\$ -	\$ (10,104)	(N)	\$ 1,479,174
COSTS AND EXPENSES:								
Cost of sales and operating costs	896,212	201,054	93,817	222,778	(187)	(10,104)	(N)	1,431,369
						(8,720)	(O)	
						36,519	(P)	
General and administrative expenses	13,573	2,235	5,917	1,411	(650)			22,486
Total costs and expenses	909,785	203,289	99,734	224,189	(837)	17,695		1,453,855
OPERATING INCOME	8,584	5,172	37,788	737	837	(27,799)		25,319
OTHER INCOME (EXPENSE):								
Interest expense, net	(1,374)	(73)	(3)	(118)	194	(21,364)	(Q)	(22,738)
Other		463	(2,430)		2,000			33
Equity in earnings of joint ventures	1,131	18,175			(188)	(17,987)	(R)	1,131
Income tax (expense) benefit	11	(856)				856	(S)	11
Minority interest	(1)					1	(T)	-
INCOME FROM CONTINUING OPERATIONS	<u>\$ 8,351</u>	<u>\$ 22,881</u>	<u>\$ 35,355</u>	<u>\$ 619</u>	<u>\$ 2,843</u>	<u>\$ (66,293)</u>		<u>\$ 3,756</u>
INCOME FROM CONTINUING OPERATIONS PER COMMON UNIT - BASIC AND DILUTED	<u>\$ 0.59</u>							<u>\$ 0.13</u>
Weighted average number of common units outstanding	<u>13,784</u>					<u>14,535</u>	(J)	<u>28,319</u>

The accompanying notes are an integral part of these unaudited pro forma condensed consolidated financial statements.

**GENESIS ENERGY, L.P.**  
**NOTES TO THE UNAUDITED PRO FORMA CONDENSED**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
*(in thousands, except where otherwise indicated, or amounts per unit)*

**Note 1. Acquisition of Davison, TDC and FM**

On April 25, 2007, Genesis entered into a Contribution and Sale Agreement with certain entities owned by the Davison family of Ruston, Louisiana. On July 25, 2007, Genesis completed the acquisition of businesses engaged in providing the service of processing sour gas streams to remove sulfur for refineries, wholesale marketing of petroleum products and providing fuel procurement and delivery logistics management services to wholesale and retail customers, operating terminals to provide storage and blending of refined petroleum products and trucking operations for third parties as well as in support of the other businesses.

The consideration for this acquisition consisted of \$639 million of value, comprised of \$309 million in cash, net of \$17 million of cash acquired and subject to adjustment for purchase price adjustments, and 13,459,209 common units of Genesis valued at \$330 million. In accordance with Emerging Issues Task Force (“EITF”) No. 99-12, *Determination of the Measurement Date for the Market Price of Acquirer Securities Issued in a Purchase Business Combination*, the fair value of Genesis common units issued was determined using an average price of \$24.52, which was the average closing price of Genesis common units for the two days before and after the terms of the acquisition were agreed to and announced. The estimated direct transaction costs total to \$8.5 million and consist primarily of legal and accounting fees and other external costs related directly to the acquisition.

The Davison unitholders hold approximately 48% of Genesis’ outstanding common units and have registration rights with respect to their common units. These rights include the following provisions:

- The right to require us to file a Form S-3 Shelf Registration, if we are eligible;
- The right to demand five registrations of their units, one per calendar year, with unlimited piggyback on other unit registrations; and
- Our agreement not to grant registration rights to any third parties with priority over the Davison unitholders.
- The Davison unitholders have agreed to specified restrictions on the sale and transfer of the units they received in consideration of this acquisition. The Davison unitholders cannot sell any of the units issued as consideration except that portion provided below (subject to certain exceptions):

At closing	20%
12 months after closing	20
18 months after closing	20
24 months after closing	30
36 months after closing	10
	<hr/>
	100%

The preliminary allocation of the purchase price is summarized as follows:

Cash and cash equivalents	\$ 16,861
Accounts receivable	57,177
Inventories	6,495
Other current assets	3,983
Other assets	1,396
Property, plant and equipment	81,611
Goodwill	296,228
Amortizable intangible assets:	
Customer relationships	114,646
Supplier agreements	35,937
Licensing agreements	39,504
Trade name	21,115
Covenants not-to-compete	699
Favorable lease agreement	13,260
Accounts payable and accrued expenses	(35,767)
Total allocation	<u>\$ 653,145</u>

The amortizable intangible assets are expected to be amortized on a straight-line basis over their estimated remaining useful lives, which Genesis is currently estimating to be as follows:

	<u>Years</u>
Customer relationships	9
Supplier agreements	6
Licensing agreements	12
Trade name	20
Covenants not-to-compete	3
Favorable lease agreement	28

In accordance with Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," goodwill will not be amortized but instead will be tested for impairment at least annually (more frequently if indicators of impairment are present.) In the event that Genesis' management determines that the goodwill has become impaired, Genesis will incur a charge for the amount of impairment during the period in which the determination is made.

## Note 2. Pro Forma Adjustments

The following adjustments are reflected in the unaudited pro forma consolidated statements of operations and the unaudited pro forma consolidated balance sheet to reflect the estimated impact of the acquisition on the historical combined results of Genesis, Davison, TDC and FM.

- (A) Amounts in this column relate to assets not acquired by us or liabilities not assumed by us in the acquisition of Davison. The long-term debt of Davison, TDC and FM was canceled in connection with the acquisition or retained as obligations of the Davison family. In the unaudited pro forma condensed consolidated statements of operations, amounts in this column relate to income statement effects of assets not acquired by us or liabilities not assumed by us.
- (B) Adjustment includes:
- \$22,361 of cash received from Genesis Energy, Inc., our general partner, for the purchase of 1,074,882 common units at \$20.8036 per unit. Our general partner exercised its right to maintain its proportionate share of Genesis' outstanding common units by acquiring these units.
  - \$6,202 of cash received from our general partner as its proportionate general partner contribution and its proportionate general partner interest in our subsidiary operating partnership.
  - \$279,015 of cash received from borrowings under our revolving credit agreement to fund the cash consideration portion of the acquisition.

- \$313,818 of cash used for the acquisition.
  - \$8,487 of cash used for payment of direct transaction costs related to the acquisition.
- (C) Adjustment to reflect the excess of the fair value allocation of purchase price over the historical tangible assets of Davison.
- (D) Adjustment to reflect intangible assets identified and the fair values assigned, which are preliminary and subject to completion of our fair value assessment.
- (E) Adjustment to eliminate Davison's existing goodwill and intangible assets.
- (F) Adjustment to reflect estimated goodwill from the acquisition after allocating the purchase price to the fair value of identifiable net assets acquired.
- (G) Adjustment reflects the fees paid to our lenders to increase the size of our revolving credit facility. These fees will be amortized over the remaining term of the revolving credit facility.
- (H) Adjustment to reflect borrowings under our revolving credit facility to fund the portion of the acquisition that was paid in cash.
- (I) Adjustment to reflect the increase in the general partner interest in our subsidiary operating partnership.
- (J) Adjustment to reflect:
- The consideration in the Davison acquisition that was paid with the issuance by us of 13,459,209 common units to the Davison family. These units were valued for financial statement purposes at \$24.52, the approximate market price of Genesis' common units on the date that the transaction was announced in April 2007.
  - The 1,074,882 common units purchased by our general partner to maintain its proportionate share of our outstanding common units.

Netted against the value of the units issued is \$50 as an estimate of the incremental cost of a piggyback registration of the common units issued in this transaction. These issuances of common units were completed on July 25, 2007 and were exempt from registration under the Securities Act of 1933 by reason of Section 4(2) thereof and Rule 506 of Regulation D promulgated thereunder. These common units impact our basic and diluted earnings per unit.

- (K) Adjustment to reflect the contribution from our general partner to maintain its capital account balance, as required under our partnership agreement.
- (L) Adjustment to eliminate the remaining owners' equity of Davison as is appropriate in the preparation of such pro forma financial statements.
- (M) Adjustment to eliminate the duplicated results of operations. Consolidated in the Davison results is five months of the results of TDC and three months of the results of FM due to the acquisition of the 50% of those entities not previously owned. This elimination results in the inclusion of the six months of Davison, TDC and FM without duplication.
- (N) Adjustment to eliminate revenues and expenses between Genesis, Davison, TDC, and FM as appropriate in consolidation.
- (O) Adjustment to eliminate the depreciation and amortization recorded by Davison, TDC and FM on property and equipment and intangible assets.
- (P) Adjustment to record depreciation of property and equipment and amortization of intangible assets based on the allocation of the purchase price as if the acquisition had occurred at the beginning of the period. Pro forma depreciation was estimated based on an average remaining useful life of the underlying assets of six years. Pro forma amortization

of intangible assets was estimated based on the average remaining useful life of the underlying assets as discussed in Note 2 above.

- (Q) Adjustment to increase interest expense for the additional borrowing in connection with the acquisition as if the acquisition had occurred at the beginning of the period. Adjustment also includes amortization of deferred fees related to the increase in our revolving credit facility.
- (R) Adjustment to eliminate the equity in the earnings of TDC and FM recorded by Davison for the period. Additionally, for the six months ended June 30, 2007, the statement of operations of Davison consolidated the earnings of TDC for the period from February 1, 2007 to June 30, 2007 and the earnings of FM for the period from April 1, 2007 to June 30, 2007. This entry also eliminates the effects of that consolidation.
- (S) Adjustment to eliminate corporate income tax expense recorded by Davison.
- (T) Adjustment to reflect the minority interest in the net income of Genesis as a result of the acquisition and the pro forma adjustments noted.