

**2009 Second Quarter
Results Conference Call
August 6, 2009**

Notice: This transcript contains references to non-GAAP financial measures. A presentation of the most directly comparable GAAP measures and reconciliations to non-GAAP financial measures used in this presentation is available on our website at genesiscrudeoil.com and click on the non-GAAP Reconciliations icon at the Investor Relations page.

Welcome to the 2009 Second Quarter Conference Call for Genesis Energy. Genesis has four business segments. The Pipeline Transportation Division is engaged in the pipeline transportation of crude oil and carbon dioxide. The Refinery Services Division primarily processes sour gas streams to remove sulfur at refining operations, principally located in Texas, Louisiana, and Arkansas. The Supply and Logistics Division is engaged in the transportation, blending, storage and supply of energy products, including crude oil and refined products. The Industrial Gases Division produces and supplies industrial gases such as carbon dioxide and syngas. Genesis' operations are primarily located in Texas, Louisiana, Arkansas, Mississippi, Alabama, and Florida.

During this conference call, management may be making forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934. The law provides safe harbor protection to encourage companies to provide forward-looking information. Genesis intends to avail itself of those safe harbor provisions and directs you to its most recently filed and future filings with the Securities Exchange Commission. We also encourage you to visit our website at genesisenerylp.com where a copy of the press release we issued today is located. The press release also presents a reconciliation of such non-GAAP financial measures to the most comparable GAAP financial measures.

At this time, I would like to introduce Grant Sims, CEO of Genesis Energy, L.P. Mr. Sims will be joined by Bob Deere, Chief Financial Officer, Ross Benavides, General Counsel and Karen Pape, Chief Accounting Officer.

Introduction and Comments on Second Quarter 2009

Thank you and welcome to everyone.

This morning we reported financial results for the second quarter of 2009. We continue to be satisfied with our quarterly results in the context of the challenging macroeconomic operating environment. We and all of our fellow employees have been very focused on things we can control like operational performance and cost management, but we've also continued to look for new opportunities across all of our business segments.

While our challenges have not totally gone away, we feel more optimistic than we did just two months ago about our businesses' ability to produce financial results. Late in the quarter, we were able to secure long-term leases on 500,000 barrels of storage capacity on the lower Mississippi River and 30,000 barrels of storage on the Houston Ship Channel. This strategically-located heavy products storage has helped us to further integrate our inland trucking and terminaling operations within the Gulf Coast area and significantly expand our vertically integrated capabilities to handle refiners' heavy products, especially in combination with DG Marine's barge fleet. Our cost management activities have offset some of the negative macroeconomic impact in our ongoing

operations, and we are beginning to see the benefits of our integrated suite of value-added services in the form of increased multiple services to our existing customers. Finally, we are cautiously optimistic that the “de-inventorying” process that started in Q4 of 2008 is coming to an end. Time will tell, but we’ve seen encouraging signs like the increases in the price of basic commodities such as copper and molybdenum and, of course, crude oil, that we believe indicate a stabilization of and potentially an increase in the demand for the goods and services we are able to provide.

In the second quarter of 2009, we generated total Available Cash before Reserves of \$22.2 million. On August 14, we will pay a total quarterly distribution of \$15.3 million, including \$0.345 per limited partner unit, or \$13.6 million to the LP holders, resulting in a coverage ratio for our total distribution of approximately 1.5 times. This is the sixteenth consecutive quarter with an increase in the per unit distribution. This distribution represents a 9.5% increase relative to the distribution we paid with respect to the second quarter of 2008. Our employees’ hard work and ability to take advantage of the opportunities presented to them have enabled us to continue our string of consecutive quarters of increasing our distribution to unitholders while maintaining a disciplined capital structure.

With that, I’d like to turn it over to Bob Deere, our CFO, to review the specifics for the second quarter of 2009.

Results of Operations

Comparison to First Quarter

Thank you, Grant

As Grant stated, we are focused on our improvement from the first quarter of 2009. I will discuss the key differences in our second quarter results from the first quarter of 2009 and then follow that with a comparison of the second quarter of 2009 to the 2008 second quarter. My discussion will focus on our segment margin, as fluctuations in our revenues resulting from changes in the commodity price of crude oil and petroleum products do not have a corresponding impact on our earnings or available cash flow.

For the 2009 second quarter, we generated net income of \$4.5 million, or \$0.13 per unit. First quarter net income was \$5.3 million, or \$0.16 per unit. The decline in net income is primarily attributable to non-cash expenses not affecting our payment of distributions to our unitholders. Our Available Cash before Reserves generated in the second quarter of 2009 improved to \$22.2 million from \$21.3 million in the first quarter.

Results from our pipeline transportation segment increased slightly to \$10.3 million from \$10.2 million, despite a drop in average crude oil volumes per day of 9.4%, or 6,089 barrels. Most of the volume decline occurred on the Texas System where the tariff is only \$0.31 per barrel. Volumes on our Free State CO₂ pipeline declined to 135MMcf per day from 171MMcf per day in the first quarter, which reduced revenues from this system by \$0.3 million. Offsetting the impact on segment margin of the declines in volumes was an increase in pipeline loss allowance revenues. The

improvement in market prices for crude oil coupled with approximately 2,500 additional barrels of pipeline loss allowance volumes increased pipeline loss allowance revenues by \$0.6 million between the two quarters.

During the second quarter of 2009, the refinery services segment contributed \$13.2 million, an increase of \$0.4 million or 3 percent between periods. While sales volumes of NaHS decreased by 5,321 dry short tons as compared to first quarter 2009, sales of caustic soda increased by 2,863 dry short tons to 19,763 dry short tons. We are a very large consumer of caustic soda, and our economies of scale and logistics capabilities allow us to effectively market caustic soda to third parties. The increase in caustic sales coupled with continuing cost management activities allowed us to mitigate the impact of the decline in NaHS volumes on segment margin. Market prices for caustic soda utilized in our sulfur removal services continued to decline in the second quarter, which when coupled with additional measures to reduce costs, resulted in raw material and processing costs decreasing 13% as a percentage of revenue to approximately 47% of revenue. Somewhat offsetting this decline, delivery costs, which are the costs to deliver product to our customers, increased 2% as a percentage of revenue to 11%, primarily as a result of the effects of rising crude oil prices on fuel costs.

Supply and logistics segment margins increased by \$0.6 million to \$6.6 million for the second quarter as compared to \$6.0 million for the 2009 first quarter. The availability of fuel oil volumes improved and we were able to acquire more petroleum products for blending and sale. Overall, the volumes of product sold by our supply and logistics segment increased by more than 15%. As Grant indicated, we acquired access to 500,000 barrels of leased storage capacity on the lower Mississippi River at Baton

Rouge in addition to 30,000 barrels of capacity on the Houston Ship Channel. A portion of the storage is sublet to another party, but we retained more than 20% of it for our use. Our access to this additional storage and to barge transportation capabilities through our DG Marine joint venture provided us with additional opportunities to handle the heavy end of the refined barrel. Our crude oil gathering activities offset some of the improvement in petroleum products as volumes declined slightly with less sweet crude oil available in our areas of operations as producers reduced their production levels in response to the price decline late in 2008 and first quarter of 2009. Additionally as the price spread between sweet and sour crude oil compressed, our ability to add margin through blending declined.

Industrial gases was our only segment to experience a decline in segment margin between the first and second quarters of 2009, however this decline was only \$154,000. The decline can be attributed in large part to the effects of a planned turnaround at the facility owned by our Syngas joint venture. This turnaround should be completed in the third quarter of 2009.

As I initially stated, the decrease in net income between the first and second quarters was primarily attributable to non-cash charges. Depreciation and amortization expense increased \$0.7 million from the first quarter of 2009 as we placed in service the last of the DG Marine barges that had been under construction. General and administrative expenses included an increase of \$0.2 million in the non-cash expense related to the compensation arrangements between our executives and our general partner. Our general partner will bear the cash cost of this arrangement.

A slight increase in net interest costs and tax expense between the first and second quarters was offset by declines in general and administrative expenses, exclusive of the executive compensation.

Comparison to Second Quarter Last Year

I will now discuss the principal differences between the second quarters of 2009 and 2008. Net income for the second quarter decreased by \$2.9 million from a year ago.

Results from our pipeline transportation segment increased \$3.1 million to \$10.3 million or by 43 percent. This was primarily due to the impact of the Denbury drop down transactions completed in May 2008. These transactions added \$4.6 million of additional segment margin for the second quarter of 2009 when compared to the 2008 quarter which included only one month of activity from these assets. Throughput on the crude oil pipeline systems decreased by 13%; however the volumetric decrease was mitigated by the relatively low tariff on the Texas System which accounted for the majority of the decrease. Our Jay System volumes declined 2,521 barrels per day primarily because a producer connected to our system curtailed production volumes when crude oil prices dropped dramatically late in 2008. Sales of pipeline loss allowance volumes declined \$1.5 million as a result of slightly lower loss allowance volumes combined with significantly lower crude oil prices in 2009.

During the second quarter of 2009, our refinery services segment contributed \$13.2 million, a decrease of \$3.1 million or 19 percent between periods. There were three significant components of this fluctuation. First, NaHS sales volumes declined by 55%. The demand for NaHS, primarily in mining and industrial activities, has been negatively impacted by macroeconomic conditions. As market prices and demand for copper and

molybdenum improve, we would expect demand for NaHS to increase. Similarly we expect improvements in industrial activities like pulp and paper and tanning industries to increase NaHS demand. Second, an increase in caustic soda sales volumes of 18% offset some of the impact of the NaHS sales decline. A key component of our sulfur removal process is caustic soda, and our economies of scale and logistics capabilities allow us to effectively market caustic soda to third parties. The final component affecting our segment margin was our aggressive management of production and logistical costs. Raw materials and processing costs related to providing our refinery services and supplying caustic soda as a percentage of our segment revenues declined 8% between the periods, from 55% to 47% of revenue. We have managed our acquisition costs by managing the timing of our purchases and our logistics costs. We have also taken steps to reduce processing costs. The costs of delivering NaHS and caustic soda to our customers declined as a percentage of segment revenues by 5% between the two quarterly periods, from 16% to 11%. Economic conditions reduced the demand for freight services and the decline in crude oil prices decreased fuel prices used in transporting our products in the 2009 quarter. We also adjusted the modes of transportation being utilized to transport NaHS and caustic soda between rail, barge and truck to improve logistics costs.

Supply and logistics segment margin was \$6.6 million in the second quarter of 2009 compared to \$7.8 million in the second quarter of 2008. The DG Marine barge operations we acquired in July 2008 added approximately \$2.5 million to our segment margin in the second quarter of 2009. Contango pricing in the crude oil market provided opportunities for us to hold more barrels in storage tanks to take advantage of higher oil prices for future deliveries. We hedge the future delivery price with the use of derivative

contracts (principally NYMEX futures) and minimize price risk. During the second quarter of 2009, we averaged approximately 226,000 barrels of crude oil in inventory and recorded \$0.9 million of segment margin related to storing and hedging crude oil. Offsetting these improvements in segment margin was a decrease in the margins in our crude oil gathering and petroleum products marketing operations. In 2009, we experienced some reduction in volumes as a result of choices made by crude oil producers' to reduce operating expenses or postpone development activities that could have enhanced or maintained existing production levels. Also, market inefficiencies developed in the heavy-end refined products in the 2008 quarter as crude oil and light-end products experienced sharp price increases. Due to our logistics equipment, we were able to benefit from improved blending opportunities. In the 2009 quarter, gasoline demand had declined significantly and refiners reduced their production rates. Our blending economics narrowed as volatility in prices declined in correlation to decreased demand. Somewhat offsetting these declines, were the additional opportunities to handle volumes from the heavy end of the refined barrel due to our access to the additional leased heavy products storage and to barge transportation capabilities through our DG Marine joint venture. However the result of all of the above factors was that our crude oil and petroleum products marketing activities contributed \$4.6 million less to segment margin in 2009 than in the second quarter of 2008.

Segment margin from industrial gas activities in the 2009 second quarter decreased \$817 thousand from the prior year period to \$2.9 million. We sold on average 9,347 Mcf less per day to our CO₂ industrial customers than in the 2008 quarter. The 2008 quarter had the highest level of CO₂ sales of any second quarter in the last four years. When the

2009 sales volume is compared to the 2007 and 2006 second quarters, the decline was only approximately 4,000 Mcf per day. Additionally, our joint ventures provided less segment margin in the 2009 quarter due to the planned turnaround at one facility that I mentioned earlier.

Depreciation, amortization and impairment expense declined \$0.6 million between the second quarter periods as the decline in the amortization of intangible assets acquired in the Davison acquisition more than offset the additional depreciation from DG Marine and the Free State pipeline both acquired during 2008.

Corporate general and administrative expenses increased by \$1.8 million between the periods. This increase was primarily the result of the \$2.4 million non-cash charge in the second quarter of 2009 related to the compensation arrangements between our executives and our general partner. As previously mentioned, our general partner will bear the cash cost of this arrangement.

Net interest costs increased during the second quarter by \$1.3 million due to higher average outstanding debt levels as a result of the borrowings associated with the acquisitions in 2008. However, the impact of the higher average outstanding debt was substantially offset by a decrease of 2.2% in market interest rates between periods.

Income tax expense in the second quarter of 2009 decreased by \$0.8 million as non-qualified income decreased in relation to the tax deductions attributable to that income. As the majority of our operations are not taxable to us, income tax expense is not expected to be significant.

Our balance sheet as of June 30 that has been released today, consolidates the results of Genesis Energy and our joint venture DG Marine. The long-term debt of \$399.4 million reflects \$53.1 million outstanding under the non-recourse DG Marine credit facility and \$346.3 million outstanding under the Genesis credit facility. This amount in turn includes approximately \$20 million of working capital financing associated with storing crude oil volumes to take advantage of the contango pricing in the crude oil market. The Genesis bank credit agreement has provisions that allow us to increase our borrowing base for material acquisitions. Upon the completion of four full quarters of operations including the acquired operations, the EBITDA multiple used to determine the borrowing base is reduced from 4.75 times to 4.25 times. In mid August upon reporting to our lenders our fourth full quarter of operations including the pipelines dropped down from Denbury in 2008, our borrowing base calculated upon 4.25 times our last four quarters of EBITDA will be \$419 million. This level of available credit provides us with sufficient liquidity to run our current business. Should we want to grow through acquisitions, we have additional committed capital available up to \$500 million in the form of the higher multiple and the inclusion of an agreed upon amount of pro-forma EBITDA associated with any such acquisition.

Grant will now provide some concluding remarks to our prepared comments.

Summary Remarks

Thanks, Bob.

We are pleased with our employees' efforts which have provided us with slightly increased second quarter results when compared to the first quarter of this year ... all in the face of continuing macroeconomic difficulties. We look forward to identifying and taking advantage of future opportunities for the benefit of all of our stakeholders.

We anticipate that recovery from these challenging times will occur at a slow pace, but we're encouraged by signs such recovery has started. With the 1.5 times coverage of our current distributions, our relatively conservative leverage ratio and our increasingly integrated suite of capabilities, we hope to be able to take advantage of opportunities that we believe are likely to develop over the remainder of 2009 and into 2010.

That concludes our prepared remarks for this conference call. At this time I will turn to the moderator to take questions from the audience.

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