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Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

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GENESIS ENERGY LP

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SIC: **5171** Petroleum bulk stations & terminals

Mailing Address
500 DALLAS SUITE 2500
HOUSTON TX 77002

Business Address
500 DALLAS SUITE 2500
HOUSTON TX 77002
7138602500

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

  X   ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE
----- ACT OF 1934

For the fiscal year ended December 31, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
------ EXCHANGE ACT OF 1934

Commission file number 1-12295

GENESIS ENERGY, L.P.
(Exact name of registrant as specified in its charter)

Delaware	76-0513049
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
500 Dallas, Suite 2500, Houston, Texas	77002
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Units	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes   X   No
     -----   -----

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

X

Aggregate market value of the Common Units held by non-affiliates of the Registrant, based on closing prices in the daily composite list for transactions on the New York Stock Exchange on March 1, 1999, was approximately $116 million.

GENESIS ENERGY, L.P.
1998 FORM 10-K ANNUAL REPORT
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PART I

Item 1. Business

General

Genesis Energy, L.P., a Delaware limited partnership, was formed in December 1996. With the proceeds of an offering of common limited partnership units ("Common Units") to the public, Genesis Energy, L.P., through its affiliated limited partnership, Genesis Crude Oil, L.P., and its subsidiary partnerships (collectively the "Partnership" or "Genesis") acquired the crude oil gathering and marketing operations of Basis Petroleum, Inc. ("Basis") and the crude oil gathering, marketing and pipeline operations of Howell Corporation and its subsidiaries ("Howell"). The Partnership is one of the largest independent gatherers and marketers of crude oil in North America. Genesis' operations are concentrated in Texas, Louisiana, Alabama, Florida, Mississippi, New Mexico, Kansas and Oklahoma. In its gathering and marketing business, Genesis is principally engaged in the purchase and aggregation of crude oil at the wellhead and the bulk purchase of crude oil at pipeline and terminal facilities for resale at various points along the crude oil distribution chain, which extends from the wellhead to aggregation and terminal facilities, refineries and other end markets (the "Distribution Chain"). The Partnership's gathering and marketing margins are generated by buying crude oil at competitive prices, efficiently transporting or exchanging the crude oil along the Distribution Chain and marketing the crude oil to refineries or other customers at favorable prices. In addition to its gathering and marketing business, Genesis' operations include transportation of crude oil at regulated published tariffs on its three common carrier pipeline systems.

Genesis utilizes its trucking fleet of approximately 71 tractor-trailers and its gathering lines to transport crude oil purchased at the wellhead to pipeline injection points, terminals and refineries for sale to its customers. It also transports purchased crude oil on trucks, barges and pipelines owned and operated by third parties. In addition, as part of its gathering and marketing business, Genesis makes purchases of crude oil in bulk at pipeline and terminal facilities for resale to refineries or other customers. When opportunities arise to increase margin or to acquire a grade of crude oil that more nearly matches the specifications for crude oil the Partnership is obligated to deliver, Genesis exchanges crude oil with third parties through exchange or buy/sell agreements. In 1998, Genesis purchased an average of approximately 114,000 bpd of crude oil at the wellhead from approximately 9,200 leases. In the first quarter of 1999, the Partnership expects its wellhead purchases to decrease by approximately 21,000 bpd of crude oil as a result of the loss of a large contract with Pioneer Natural Resources USA, Inc. ("Pioneer"). Due to the profit sharing nature of the contract with Pioneer, Genesis does not expect the effect on gross margin to be material. Wellhead purchases in 1999 are also expected to decrease due to natural declines in production where the Partnership purchases crude oil with a resulting effect on gross margin.

Genesis currently transports a total of approximately 85,000 barrels per day on its three common carrier crude oil pipeline systems and related gathering lines. These systems are the Texas System, the Jay System extending between Florida and Alabama, and the Mississippi System extending between Mississippi and Louisiana. In October 1998, Genesis acquired 200 additional miles of pipelines and gathering lines that have become part of its Texas System. This additional pipeline mileage extends from the West Columbia area in Texas to Webster, Texas. Approximately 2.0 million barrels of associated storage capacity is owned by Genesis.

Genesis Energy, L.L.C. (the "General Partner"), a Delaware limited liability company, serves as the sole general partner of Genesis Energy, L.P., and as the operating general partner of its affiliated limited partnership, Genesis Crude Oil, L.P. (GCOLP) and GCOLP's subsidiary partnerships, Genesis Pipeline Texas, L.P. and Genesis Pipeline USA, L.P. The General Partner is owned 54% by Salomon Smith Barney Holdings Inc. ("Salomon") and 46% by Howell. Salomon also owns 1,163,700 subordinated limited partner units in GCOLP, representing 10.58% of GCOLP. Howell owns 991,300 subordinated limited partner units in GCOLP, representing 9.01% of GCOLP. These subordinated limited partner interests are hereinafter referred to as Subordinated OLP Units.

Business Overview

In its gathering and marketing business, the Partnership seeks to purchase and sell crude oil at points along the Distribution Chain where gross margins can be achieved. Genesis generally purchases crude oil at prevailing prices from producers at the wellhead under short-term contracts or in bulk from major oil companies, intermediaries and other third parties. Genesis then transports the crude oil along the Distribution Chain for sale to or exchange with customers. The Partnership's margins from its gathering and marketing operations are generated by the difference between the price of crude oil at the point of purchase and the price of crude oil at the point of sale, minus the associated costs of aggregation and transportation. The Partnership utilizes computerized

management information systems to identify the optimal combination of transportation and exchange transactions expected to result in the greatest margin for each barrel of crude oil purchased. Genesis generally enters into an exchange transaction only when the cost of the exchange is less than the alternative costs that it would otherwise incur in transporting or storing the crude oil. In addition, Genesis often exchanges one grade of crude oil for another to maximize margins or meet contract delivery requirements.

Generally, as Genesis purchases crude oil, it simultaneously establishes a margin by selling crude oil for physical delivery to third party users, such as independent refiners or major oil companies, or by entering into a future delivery obligation with respect to futures contracts on the New York Mercantile Exchange ("NYMEX"). Through these transactions, the Partnership seeks to maintain a position that is substantially balanced between crude oil purchases, on the one hand, and sales or future delivery obligations, on the other hand. It is the Partnership's policy not to acquire and hold crude oil, futures contracts or other derivative products for the purpose of speculating on crude oil price changes.

Gross margin from gathering, marketing and pipeline operations varies from period to period, depending to a significant extent upon changes in the supply and demand of crude oil and the resulting changes in U.S. crude oil inventory levels.

Through the pipeline systems it owns and operates, the Partnership transports crude oil for itself and others pursuant to tariff rates regulated by the Federal Energy Regulatory Commission ("FERC") or the Texas Railroad Commission. Accordingly, the Partnership offers transportation services to any shipper of crude oil, provided that the products tendered for transportation satisfy the conditions and specifications contained in the applicable tariff. Pipeline revenues and gross margins are primarily a function of the level of throughput and storage activity. The margins from the Partnership's pipeline operations are generated by the difference between the regulated published tariff and the fixed and variable costs of operating the pipeline.

Management Information and Risk Management Systems

Genesis' computerized management information and risk management systems are integral to each stage of the gathering, transportation and marketing operations. Hand-held computer terminals combined with modems and satellite equipment are used by field personnel to provide data to Genesis' marketing personnel about crude oil purchases on a daily basis. Using this information from the field, management is able to monitor crude oil volumes, grades, locations and timing of delivery on a daily basis and to transmit instructions to field personnel regarding crude oil pick-up schedules and truck routing to crude oil injection stations and end markets. Using information transmitted from field personnel and representatives to its computers, Genesis has developed a database that includes volumes of crude oil purchases, volumes and prices under contracts with producers and customers, transportation costs and alternatives, and marketing and exchange opportunities. Genesis uses this database to support its management information and risk management systems.

Risk management strategies, including those involving price hedges using NYMEX futures contracts, have become increasingly important in creating and maintaining margins. Such hedging techniques require significant resources dedicated to managing forward positions and analyzing crude oil markets by grade and location so as to manage these differentials. By analyzing information in its database with internally developed software programs, Genesis is able to monitor crude oil volumes, grades, locations and delivery schedules and to coordinate marketing and exchange opportunities, as well as NYMEX hedging positions. This coordination enables the Partnership to net positions internally, thereby reducing NYMEX commissions, and further ensures that Genesis' NYMEX hedging activities are consistent with its business objectives. The effectiveness of risk management strategies will erode with volume erosion.

Producer Services

Crude oil purchasers who buy from producers compete on the basis of competitive prices and highly responsive services. Through its team of crude oil purchasing representatives, Genesis maintains ongoing relationships with more than 700 producers. The Partnership believes that its ability to offer high-quality field and administrative services to producers is a key factor in its ability to maintain volumes of purchased crude oil and to obtain new volumes. High-quality field services include efficient gathering capabilities, availability of trucks, willingness to construct gathering pipelines where economically justified, timely pickup of crude oil from tank batteries at the lease or production point, accurate measurement of crude oil volumes received, avoidance of spills and effective management of pipeline deliveries. Accounting and other administrative services include securing division orders (statements from interest owners affirming the division of ownership in crude oil purchased by the

Partnership), providing statements of the crude oil purchased each month, disbursing production proceeds to interest owners and calculation and payment of production taxes on behalf of interest owners. In order to compete effectively, the Partnership must maintain records of title and division order interests in an accurate and timely manner for purposes of making prompt and correct payment of crude oil production proceeds on a monthly basis, together with the correct payment of all severance and production taxes associated with such proceeds. In 1998, with its staff of division order specialists, Genesis distributed payments to approximately 20,000 interest owners.

Credit

Genesis' credit standing is a major consideration for parties with whom Genesis does business. At times, in connection with its crude oil purchases or exchanges, Genesis is required to furnish guarantees or letters of credit. In most purchases from producers and most exchanges, an open line of credit is extended by the seller up to a dollar limit, with credit support required for amounts in excess of the limit.

In connection with the purchase, sale or exchange of crude oil, subject to Genesis' compliance with specified terms and conditions, Salomon entered into a Master Credit Support Agreement to provide credit support until December 31, 1999, in the form of guarantees issued from time to time at the Partnership's request. In addition, the Partnership has a relationship with a bank to provide a working capital facility. See Note 8 of Notes to Consolidated Financial Statements.

When Genesis markets crude oil, it must determine the amount, if any, of the line of credit to be extended to any given customer. If Genesis determines that a customer should receive a credit line, it must then decide on the amount of credit that should be extended. Since typical sales transactions can involve tens of thousands of barrels of crude oil, the risk of nonpayment and nonperformance by customers is a major consideration in Genesis' business. Management believes that Genesis' sales are made to creditworthy entities or entities with adequate credit support.

Credit review and analysis are also integral to Genesis' leasehold purchases. Payment for all or substantially all of the monthly leasehold production is sometimes made to the operator of the lease. The operator, in turn, is responsible for the correct payment and distribution of such production proceeds to the proper parties. In these situations, Genesis must determine whether the operator has sufficient financial resources to make such payments and distributions and to indemnify and defend Genesis in the event any third party should bring a protest, action or complaint in connection with the ultimate distribution of production proceeds by the operator.

Competition

In the various business activities described above, the Partnership is in competition with a number of major oil companies and smaller entities. There is intense competition among all participants in the business for leasehold purchases of crude oil. The number and location of the Partnership's pipeline systems and trucking facilities give the Partnership access to a substantial volume of domestic crude oil production throughout its area of operations. The Partnership purchases leasehold barrels from more than 700 producers. In 1998, approximately 49% of the leasehold barrels were purchased from ten producers, with Pioneer accounting for 22% of 1998 leasehold purchases. The contract with Pioneer expired December 31, 1998, and was not renewed. Genesis does not expect the loss of the leasehold volumes purchased from Pioneer to have a material effect on gross margin as these volumes were subject to a profit sharing arrangement that limited the gross margin realized by the Partnership.

The Partnership has considerable flexibility in marketing the volumes of crude oil that it purchases, without dependence on any single customer or transportation or storage facility. The Partnership's largest competitors in the purchase of leasehold crude oil production are Scurlock Permian Oil Company, Plains All American Pipeline, L.P., TEPPCO Partners, L.P., Texaco Trading & Transportation Co., Inc., and EOTT Energy Partners, L.P. Additionally, Genesis competes with many regional or local gatherers who may have significant market share in the areas in which they operate. Competitive factors include price, personal relationships, range and quality of services, knowledge of products and markets and capabilities of risk management systems.

Genesis' most significant competitors in its pipeline operations are primarily common carrier and proprietary pipelines owned and operated by major oil companies, large independent pipeline companies and other companies in the areas where the Mississippi and Texas Systems deliver crude oil. The Jay System operates in an area not currently served by pipeline competitors. Competition among common carrier pipelines is based primarily on posted tariffs, quality of customer service and proximity to refineries and connecting pipelines. The Partnership believes that high capital costs, tariff regulation and problems in acquiring rights-of-way make it unlikely that other competing crude oil pipeline systems comparable in size and scope to Genesis' pipelines will be built in the same

geographic areas in the near future, provided that Genesis' pipelines continue to have available capacity to satisfy demands of shippers and that its tariffs remain at competitive levels.

Employees

To carry out various purchasing, gathering, transporting and marketing activities, the General Partner employed, at December 31, 1998, approximately 290 employees, including management, truck drivers and other operating personnel, division order analysts, accountants, tax specialists, contract administrators, traders, schedulers, marketing and credit specialists and employees involved in Genesis' pipeline operations. In January 1999, the number of employees was reduced to approximately 260 as a result of changing business conditions. These reductions were primarily truck drivers. None of the employees is represented by labor unions, and the General Partner believes that the relationships with the employees are good.

Environmental Matters

The Partnership is subject to federal and state laws and regulations relating to the protection of the environment. At the federal level such laws include, among others, the Clean Air Act, 42 U.S.C. Section 7401 et seq., as amended; the Clean Water Act, 33 U.S.C. Section 1251 et seq., as amended; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq., as amended; the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq., as amended; and the National Environmental Policy Act, 42 U.S.C. Section 4321 et seq., as amended. Although compliance with such laws has not had a significant effect on Genesis' business, such compliance in the future could prove to be costly, and there can be no assurance that the Partnership will not incur such costs in material amounts.

The Clean Air Act regulates, among other things, the emission of volatile organic compounds in order to minimize the creation of ozone. Such emissions may occur from the handling or storage of crude oil. The required levels of emission control are established in state air quality control implementation plans. Both federal and state law impose substantial penalties for violation of these applicable requirements.

The Clean Water Act controls, among other things, the discharge of oil and derivatives into certain surface waters. The Clean Water Act provides penalties for any discharges of crude oil in harmful quantities and imposes liability for the costs of removing an oil spill. State laws for the control of water pollution also provide varying civil and criminal penalties and liabilities in the case of a release of crude oil in surface waters or into the ground. Federal and state permits for water discharges may be required. The Oil Pollution Act of 1990 ("OPA"), as amended by the Coast Guard Authorization Act of 1996, requires operators of offshore facilities to provide financial assurance in the amount of $35 million to cover potential environmental cleanup and restoration costs. This amount is subject to upward regulatory adjustment.

The Resource Conservation and Recovery Act regulates, among other things, the generation, transportation, treatment, storage and disposal of hazardous wastes. Transportation of petroleum, petroleum derivatives or other commodities and maintenance activities may invoke the requirements of the federal statute, or state counterparts, which impose substantial penalties for violation of applicable standards.

The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), also known as the "Superfund" law, imposes liability, without regard to fault or the legality of the original conduct, on certain classes of persons that are considered to have contributed to the release of a "hazardous substance" into the environment. Such persons include the owner or operator of the disposal site or sites where the release occurred and companies that disposed or arranged for the disposal of the hazardous substances found at the site. Persons who are or were responsible for releases of hazardous substances under CERCLA may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources, and it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. In the ordinary course of the Partnership's operations, substances may be generated or handled which fall within the definition of "hazardous substances."

Under the National Environmental Policy Act ("NEPA"), a federal agency, in conjunction with a permittee, may be required to prepare an environmental assessment or a detailed environmental impact study before issuing a permit for a pipeline extension or addition that would significantly affect the quality of the environment. Should an environmental impact study or assessment be required for any proposed pipeline extensions or additions, the effect of NEPA may be to delay or prevent construction or to alter the proposed location, design or method of construction.

The Partnership is subject to similar state and local environmental laws and regulations that may also address additional environmental considerations of particular concern to a state.

As part of the partnership formation, Salomon and Howell are responsible for certain environmental conditions related to their ownership and operation of their respective assets transferred to the Partnership and for any environmental liabilities which Salomon or Howell may have assumed from prior owners of these assets. Neither Salomon nor Howell, however, will be required to indemnify the Partnership for any liabilities resulting from an invasive environmental site investigation unless such investigation was undertaken as a result of (i) certain requirements imposed by a lending institution, (ii) any governmental or judicial proceeding, (iii) any disposition of assets, (iv) a discovery in the ordinary course of business of materials, or a discovery in prudent and customary business practice of the possible presence of such materials, that require regulatory disclosure or (v) any complaints by property owners or public groups. In addition, the Partnership has assumed responsibility for the first $25,000 per occurrence as to any environmental liability, up to an annual aggregate of $200,000 and a total maximum liability of $600,000.

The Partnership has no knowledge of any outstanding liabilities or claims relating to safety and environmental matters, individually or in the aggregate, which would have a material adverse effect on the Partnership's financial position or results of operations and that Partnership assets are in compliance in all material respects with all applicable environmental laws and regulations. No assurance can be given, however, as to the amount or timing of future expenditures for environmental remediation or compliance, and actual future expenditures may be different from the amounts currently anticipated.

Regulation

Pipeline regulation

Interstate Regulation Generally. The interstate common carrier pipeline operations of the Jay and Mississippi systems are subject to rate regulation by FERC under the Interstate Commerce Act ("ICA"). The ICA requires, among other things, that to be lawful, petroleum pipeline rates be just and reasonable and not unduly discriminatory. The ICA permits challenges to proposed new or changed rates by protest and to rates that are already final and in effect by complaint, and provides that upon an appropriate showing a complainant may obtain reparations for damages sustained for a period of up to two years prior to the filing of a complaint. Howell is responsible for any ICA liabilities with respect to activities or conduct during periods prior to the closing of the Partnership's initial public offering of Common Units, and the Partnership is responsible for ICA liabilities with respect to activities or conduct thereafter. The Partnership adopted all of Howell's tariffs in effect on the date of the transfer of the assets to Genesis. None of the tariffs have been subjected to a protest or complaint by any shipper or other interested party.

In general, the ICA requires that petroleum pipeline rates be cost based and permits them to generate operating revenues on the basis of projected volumes sufficient to cover, among other things, the following: (i) operating expenses, (ii) depreciation and amortization, (iii) federal and state income taxes determined on a separate company basis and adjusted or "normalized" to reflect the impact of timing differences between book and tax accounting for certain expenses, primarily depreciation and (iv) an overall allowed rate of return on the pipeline's "rate base." Generally, rate base is a measure of investment in or value of the common carrier assets which are used and useful in providing the regulated services.

Effective January 1, 1995, FERC promulgated rules simplifying and streamlining the ratemaking process. Previously established rates were "grandfathered", limited the challenges that could be made to existing tariff rates. Under the new regulations, petroleum pipelines are able to change their rates within prescribed ceiling levels that are tied to the Producer Price Index for Finished Goods, minus one percent. Rate increases made pursuant to the index will be subject to protest, but such protests must show that the portion of the rate increase resulting from application of the index is substantially in excess of the pipeline's increase in costs. FERC's regulations provide, and a recent FERC order in a contested pipeline rate proceeding affirms, that shippers may not challenge that portion of the pipeline's rates which was grandfathered whenever the pipeline files for its annual indexed rate increase; such challenges are limited to the amount of the increase only unless, in a separate showing, the complainant satisfies the threshold requirement to show that a "substantial change" has occurred in the economic circumstances or the nature of the pipeline's services. Rate decreases are mandated under the new regulations if the index decreases and the carrier has been collecting rates equal to the rate ceiling. The new indexing methodology can be applied to any existing rate, including in particular all "grandfathered" rates, but also applies to rates under

investigation. If such rate is subsequently adjusted, the ceiling level established under the index must be likewise adjusted.

The new indexation methodology is expected to cover all normal cost increases. Cost-of-service ratemaking, while still available to the pipeline for certain rate increases and to establish initial rates for new service, is generally disfavored except in specified circumstances, primarily a substantial divergence between the actual cost experienced by the carrier and the rate resulting from the index such that the rate at the ceiling level would preclude the carrier from being able to charge a just and reasonable rate. FERC regulations also allow rate changes to occur through market- based rates (for pipeline services which have been found to be eligible for such rates) and through settlement rates, which are rates unanimously agreed by the carrier and all shippers as appropriate. In respect of new facilities and new services requiring the establishment of new, initial rates, the carrier may rely on either cost-of-service ratemaking or may initiate service under rates which have been contractually agreed with at least one nonaffiliated shipper; however, other shippers may protest any new rates established in this manner, in which event a cost-of-service showing is required.

Because of the novelty and uncertainty surrounding the indexing methodology as well as numerous untested associated issues, the General Partner is unable to predict with certainty whether, how or the extent to which FERC may apply the methodologies to the Jay and Mississippi systems, which FERC regulates. The General Partner adopted Howell's preexisting tariffs and rates pertaining to the Jay and Mississippi Systems and intends to rely on the indexation procedures available under FERC regulations. Nevertheless, by protest, complaint or shipper challenge to the Partnership's grandfathered or indexed rates, the Partnership could become involved in a cost-of-service proceeding before FERC and be required to defend and support its rates based on costs. In any such cost-of-service rate proceeding involving rates of the FERC-regulated Jay and Mississippi Systems, FERC would be permitted to inquire into and determine all relevant matters including such issues as (i) the appropriate capital structure to be utilized in calculating rates, (ii) the appropriate rate of return, (iii) the rate base, including the proper starting rate base, (iv) the rate design and (v) the proper allowance for federal and state income taxes. In addition to the regulatory considerations noted above, it is expected that the interstate common carrier pipeline tariff rates will continue to be constrained by competitive and other market factors.

Texas Intrastate Regulation

The intrastate common carrier pipeline operations of the Partnership in Texas are subject to regulation by the Texas Railroad Commission. The applicable Texas statutes require that pipeline rates be non-discriminatory and provide a fair return on the aggregate value of the property of a common carrier used and useful in the services performed after providing reasonable allowance for depreciation and other factors and for reasonable operating expenses. There is no case law interpreting these standards as used in the applicable Texas statutes. This is because historically, as well as currently, the Texas Railroad Commission has not been aggressive in regulating common carrier pipelines such as those of the Partnership and has not investigated the rates or practices of such carriers in the absence of shipper complaints, which have been few and almost invariably settled informally. Given this history, although no assurance can be given that the tariffs to be charged by the Partnership would ultimately be upheld if challenged, the General Partner believes that the tariffs now in effect can be sustained. Howell is responsible for any liabilities under the applicable Texas statutes with respect to activities or conduct during periods prior to the closing, and the Partnership is responsible for such liabilities with respect to activities or conduct thereafter. The Partnership adopted the tariffs in effect on the date of the closing of the Partnership's initial public offering of Common Units.

Pipeline Safety Regulation

The Partnership's crude oil pipelines are subject to construction, installation, operating and safety regulation by the Department of Transportation ("DOT") and various other federal, state and local agencies. The Pipeline Safety Act of 1992, among other things, amends the Hazardous Liquid Pipeline Safety Act of 1979 ("HLPSA") in several important respects. It requires the Research and Special Programs Administration ("RSPA") of DOT to consider environmental impacts, as well as its traditional public safety mandate, when developing pipeline safety regulations. In addition, the Pipeline Safety Act mandates the establishment by DOT of pipeline operator qualification rules requiring minimum training requirements for operators, and requires that pipeline operators provide maps and records to RSPA. It also authorizes RSPA to require that pipelines be modified to accommodate internal inspection devices, to mandate the installation of emergency flow restricting devices for pipelines in populated or sensitive areas, and to order other changes to the operation and maintenance of petroleum pipelines. The Partnership has conducted hydrostatic testing of most segments. Significant expenses could be

incurred in the future
if additional safety measures are required or if safety standards are raised and exceed the current pipeline control system capabilities.

States are largely preempted from regulating pipeline safety by federal law but may assume responsibility for enforcing federal intrastate pipeline regulations and inspection of intrastate pipelines. In practice, states vary considerably in their authority and capacity to address pipeline safety. The Partnership does not anticipate any significant problems in complying with applicable state laws and regulations in those states in which it operates.

The Partnership's crude oil pipelines are also subject to the requirements of the Federal Occupational Safety and Health Act ("OSHA") and comparable state statutes. The General Partner believes that the Partnership's crude oil pipelines have been operated in substantial compliance with OSHA requirements, including general industry standards, record keeping requirements and monitoring of occupational exposure to regulated substances.

In general, the General Partner expects to increase the Partnership's expenditures in the future to comply with higher industry and regulatory safety standards such as those described above. Such expenditures cannot be accurately estimated at this time, although the General Partner does not expect that such expenditures will have a material adverse impact on the Partnership, except to the extent additional testing requirements or safety measures are imposed.

Trucking regulation

The Partnership operates its fleet of trucks as a private carrier. Although a private carrier that transports property in interstate commerce is not required to obtain operating authority from the ICC, the carrier is subject to certain motor carrier safety regulations issued by the DOT. The trucking regulations cover, among other things, driver operations, keeping of log books, truck manifest preparations, the placement of safety placards on the trucks and trailer vehicles, drug testing, safety of operation and equipment, and many other aspects of truck operations. The Partnership is also subject to OSHA with respect to its trucking operations.

Commodities regulation

The Partnership's price risk management operations are subject to constraints imposed under the Commodity Exchange Act and the rules of the NYMEX. The futures and options contracts that are traded on the NYMEX are subject to strict regulation by the Commodity Futures Trading Commission.

Information Regarding Forward-Looking Information

The statements in this Annual Report on Form 10-K that are not historical information are forward looking statements within the meaning of Section 27a of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Although the Partnership believes that its expectations regarding future events are based on reasonable assumptions, it can give no assurance that its goals will be achieved or that its expectations regarding future developments will prove to be correct. Important factors that could cause actual results to differ materially from those in the forward looking statements herein include changes in regulations, the Partnership's success in obtaining additional lease barrels, changes in crude oil production volumes (both world-wide as well as in areas in which the Partnership has operations), developments relating to possible acquisitions or business combination opportunities, volatility of crude oil prices and grade differentials, the success of the Partnership's risk management activities, the Partnership's ability to replace its credit support from Salomon with a bank facility, the Partnership's success in dealing with the Year 2000 issue and the related costs of the Year 2000 issue and conditions of the capital markets and equity markets during the periods covered by the forward looking statements.

Item 2. Properties

The Partnership owns and operates three common carrier crude oil pipeline systems. The pipelines and related gathering systems consist of the 750-mile Texas system, the 117-mile Jay System extending between Florida and Alabama, and the 281-mile Mississippi System extending between Mississippi and Louisiana. The Partnership also owns approximately 2.0 million barrels of storage capacity associated with the pipelines. These storage capacities include approximately 200,000 barrels each on the Mississippi and Jay Systems and 1.4 million barrels on the Texas System, primarily at the Satsuma terminal in Houston, Texas.

In addition to transporting crude oil by pipeline, the Partnership transports crude oil through a fleet of owned and leased tractors and trailers. At December 31, 1998, the trucking fleet consisted of approximately 92 tractor-trailers. In February 1999, the trucking fleet was reduced to 71 tractor-trailers through the sale of excess equipment.

The trucking fleet generally hauls the crude oil to one of the approximately 100 pipeline injection stations owned or leased by the Partnership.

Item 3. Legal Proceedings

The Partnership is involved from time to time in various claims, lawsuits and administrative proceedings incidental to its business. In the opinion of management of the General Partner, the ultimate outcome, if any, will not have a material adverse effect on the financial condition or results of operations of the Partnership. See Note 16 of Notes to Consolidated Financial Statements.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the year ended December 31, 1998.

PART II

Item 5. Market for Registrant's Common Units and Related Security Holder Matters

The following table sets forth, for the periods indicated, the high and low sale prices per Common Unit, as reported on the New York Stock Exchange Composite Tape, and the amount of cash distributions paid per Common Unit.

	Price Range		Cash
	High	Low	Distributions[F1]
1998			
First Quarter	$20.3750	$16.6250	$0.50
Second Quarter	$19.8750	$17.2500	$0.50
Third Quarter	$18.0000	$13.6875	$0.50
Fourth Quarter	$19.1250	$13.6250	$0.50
1997			
First Quarter	$21.5000	$20.3750	$ -
Second Quarter	$21.3750	$18.1250	$0.66
Third Quarter	$20.7500	$19.6250	$0.50
Fourth Quarter	$21.2500	$16.3750	$0.50

[F1] Cash distributions are shown in the quarter paid and are based on the prior quarter's activities. The second quarter of 1997 was prorated for the period between the closing of the Initial Public Offering and March 31, 1997 based on a minimum quarterly distribution of $0.50 per Common Unit per quarter.

As of December 31, 1998, there were approximately 11,000 record holders and beneficial owners (held in street name) of the Partnership's Common Units. There is no established public trading market for the Partnership's Subordinated OLP Units. The Partnership will distribute 100% of its Available Cash as defined in the Partnership Agreement within 45 days after the end of each quarter to Unitholders of record and to the General Partner. Available Cash consists generally of all of the cash receipts less cash disbursements of the Partnership adjusted for net changes to reserves. The full definition of Available Cash is set forth in the Partnership Agreement and amendments thereto, a form of which is filed as an exhibit hereto. Distributions of Available Cash to the Subordinated Unitholders will be subject to the prior rights of the Common Unitholders to receive the Minimum Quarterly Distribution ("MQD") for each quarter during the subordination period, which will not end earlier than December 31, 2001, and to receive any arrearages in the distribution of the MQD on the Common Units for prior quarters during the subordination period.

In connection with the Partnership's initial public offering of Common Units in December 1996, Salomon and the Partnership entered into a Distribution Support Agreement pursuant to which, among other things, Salomon agreed that it would contribute up to $17.6 million to the Partnership in exchange for Additional Partnership Interests ("APIs"), if necessary, to support the Partnership's ability to pay the MQD on Common Units. Salomon's obligation to purchase APIs will end no earlier than December 31, 1999 and end no later than December 31, 2001, with the actual termination subject to the levels of distributions that have been made prior to the termination date. At December 31, 1998, Salomon had not been required to provide any distribution support. As a result of poor domestic crude oil market conditions, the General Partner may have to draw on the cash distribution support from Salomon during 1999.

Item 6. Selected Financial Data
(in thousands, except per unit and volume data)

The table below includes selected financial data for the Partnership for the years ended December 31, 1998 and 1997 and one month ended December 31, 1996 and includes the results of operations acquired from Basis and Howell. Since Basis had the largest ownership interest in the Partnership, the net assets acquired from Basis were recorded at their historical carrying amounts and the crude oil gathering and marketing division of Basis was treated as the Predecessor and the acquirer of Howell's operations. The acquisition of Howell was treated as a purchase for accounting purposes.

<TABLE>
<CAPTION>

	Year Ended December 31, 1998	Year Ended December 31, 1997	Year Ended December 31, 1996 <F1>	One Month Ended December 31, 1996	Eleven Months Ended November 30, 1996	Year Ended December 31, 1995	Year Ended December 31, 1994
			(Pro forma)		(Predecessor)	(Predecessor)	
(Unaudited)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Income Statement Data:							
Revenues:							
Gathering and marketing revenues	$2,216,942	$3,354,939	$4,565,834	$370,559	$3,598,107	$3,440,065	$1,830,721
Pipeline revenues	16,533	17,989	16,780	1,426	-	-	-
Total revenues	2,233,475	3,372,928	4,582,614	371,985	3,598,107	3,440,065	1,830,721
Cost of sales:							
Crude cost	2,184,529	3,331,184	4,526,363	366,723	3,573,086	3,409,759	1,806,241
Field operating costs	12,778	12,107	15,092	1,290	6,744	7,152	7,778
Pipeline operating costs	7,971	6,016	4,978	463	-	-	-
Total cost of sales	2,205,278	3,349,307	4,546,433	368,476	3,579,830	3,416,911	1,814,019
Gross margin	28,197	23,621	36,181	3,509	18,277	23,154	16,702
General and administrative expenses	11,468	8,557	9,470	1,363	3,316	3,658	3,858
Depreciation and amortization	7,719	6,300	6,834	518	1,396	4,815	7,530
Nonrecurring charge	373	-	-	-	-	-	-
Operating income	8,637	8,764	19,877	1,628	13,565	14,681	5,314
Interest income (expense)	154	1,063	56	56	294	173	(685)
Other income (expense)	28	21	(74)	-	(83)	(197)	82
Net income before minority interests	8,819	9,848	19,859	1,684	13,776	14,657	4,711
Minority interests	1,763	1,968	3,970	337	-	-	-
Net income <F2>	$ 7,056	$ 7,880	$ 15,889	$ 1,347	$ 13,776	$ 14,657	$ 4,711
Net income per common unit-basic and diluted	$ 0.80	$ 0.90	$ 1.81	$ 0.15	N/A	N/A	N/A
Balance Sheet Data (at end of period):							
Current assets	$ 185,216	$ 232,202	$ 410,371	$ 410,371	N/A	$ 279,285	$ 184,253
Total assets	297,173	331,114	509,900	509,900	N/A	283,036	193,367
Long-term liabilities	15,800	-	-	-	N/A	-	-
Equity of parent	-	-	-	-	N/A	(8,437)	4,393
Minority interest	29,988	28,225	26,257	26,257	N/A	-	-
Partners' capital	67,871	78,351	85,080	85,080	N/A	-	-
Other Data:							
Maintenance capital expenditures <F3>	$ 1,509	$ 3,785	$ 2,535	$ 106	$ 1,100	$ 17	$ 56
EBITDA <F4>	$ 16,384	$ 15,085	$ 26,637	$ 2,146	$ 14,878	$ 19,299	$ 12,926
Volumes (bpd):							
Gathering and marketing:							
Wellhead	114,400	104,506	116,263	120,553	83,239	83,551	89,788
Bulk and exchange	325,468	346,760	463,054	380,354	417,939	439,060	214,519
Pipeline	85,594	89,117	86,557	85,874	-	-	-

<FN>
<F1> The unaudited pro forma selected financial data of the Partnership includes (a) the historical operating results of the crude oil gathering and marketing operations of Basis, (b) the historical crude gathering, marketing and pipeline transportation operations of Howell and (c) certain pro forma adjustments to the historical results of operations of Basis and Howell as if the Partnership had been formed on January 1, 1996. See Note 2 of Notes to the Consolidated Financial Statements for a description of the pro forma

adjustments.

<F2> Net income excludes the effect of income taxes and accounting changes for the Predecessor.

<F3> The General Partner estimates that capital expenditures necessary to maintain the existing asset base at current operating levels will be $3 million each year.

<F4> EBITDA (earnings before interest expense, income taxes, depreciation and amortization and minority interests) should not be considered as an alternative to net income (as an indicator of operating performance) or as an alternative to cash flow (as a measure of liquidity or ability to service debt obligations).

</FN>
</TABLE>

The table below summarizes the Partnership's quarterly financial data for 1998 and 1997.

	1998 Quarters			
	First	Second	Third	Fourth
	(Unaudited)			
Revenues	$650,257	$561,813	$526,442	$494,963
Gross margin	$ 6,336	$ 6,047	$ 8,432	$ 7,382
Operating income	$ 1,962	$ 889	$ 3,365	$ 2,421
Net income	$ 1,728	$ 811	$ 2,662	$ 1,855
Net income per Common Unit-basic and diluted	$ 0.20	$ 0.09	$ 0.30	$ 0.21

	1997 Quarters			
	First	Second	Third	Fourth
	(Unaudited)			
Revenues	$ 946,482	$890,686	$844,778	$690,982
Gross margin	$ 7,034	$ 4,939	$ 5,939	$ 5,709
Operating income	$ 3,336	$ 1,192	$ 2,320	$ 1,916
Net income	$ 2,744	$ 1,282	$ 2,089	$ 1,765
Net income per Common Unit-basic and diluted	$ 0.31	$ 0.15	$ 0.24	$ 0.20

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following review of the results of operations and financial condition should be read in conjunction with the Consolidated Financial Statements and Notes thereto.

Results of Operations

Selected financial data for this discussion of the results of operations follows, in thousands.

	Years Ended December 31,		
	1998	1997	1996
			(Pro forma) (Unaudited)
Revenues			
Gathering & marketing	$2,216,942	$3,354,939	$4,565,834
Pipeline	$ 16,533	$ 17,989	$ 16,780
Gross margin			
Gathering & marketing	$ 19,635	$ 11,648	$ 24,379
Pipeline	$ 8,562	$ 11,973	$ 11,802
General and administrative expenses	$ 11,468	$ 8,557	$ 9,470
Depreciation and amortization	$ 7,719	$ 6,300	$ 6,834
Operating income	$ 8,637	$ 8,764	$ 19,877
Interest income, net	$ 154	$ 1,063	$ 56

The profitability of Genesis depends to a significant extent upon its ability to maximize gross margin. The gross margin from gathering and marketing operations is generated by the difference between the price of crude oil at the point of purchase and the price of crude oil at the point of sale, minus the associated costs of aggregation and transportation. In addition to purchasing crude oil at the wellhead, Genesis purchases crude oil in bulk at major pipeline terminal points and enters into exchange transactions with third parties. These bulk and exchange transactions are characterized by large volumes and narrow profit margins on purchase and sales transactions, and the absolute price levels for crude oil do not necessarily bear a relationship to gross margin, although such price levels significantly impact revenues and cost of sales. Because period-to-period variations in revenues and cost of sales are not generally meaningful in analyzing the variation in gross margin for gathering and marketing

operations, such changes are not addressed in the following discussion. Pipeline revenues and gross margins are primarily a function of the level of throughput and storage activity and are generated by the difference between the regulated published tariff and the fixed and variable costs of operating the pipeline. Changes in revenues, volumes and pipeline operating costs, therefore, are relevant to the analysis of financial results of Genesis' pipeline operations and are addressed in the following discussion of pipeline operations of Genesis.

Gross margin from gathering, marketing and pipeline operations varies from period to period, depending to a significant extent upon changes in the supply and demand of crude oil and the resulting changes in U.S. crude oil inventory levels. In general, gathering and marketing gross margin increases when crude oil inventories decline, resulting in crude oil for prompt (generally the next month) delivery being priced at an increased premium over crude oil for future delivery.

Year Ended December 31, 1998 Compared with Year Ended December 31, 1997

Gross Margin. Gathering and marketing gross margins increased $7.9 million or 68% to $19.6 million for the year ended December 31, 1998, as compared to $11.7 million for the year ended December 31, 1997. The increase in gross margin can be attributed to the acquisition of the gathering and marketing assets of Falco S&D, Inc., ("Falco") in April 1998 and improvements in the relationships between various market prices during 1998, allowing the Partnership to apply its risk management techniques to forward purchases and sales opportunities to increase gross margin. There can be no assurance of the availability of future opportunities to apply the Partnership's risk management techniques.

By the end of 1998, price levels for crude oil had declined approximately 39% from prices at the beginning of 1998. While the decline in price levels, as stated above, does not directly impact the Partnership's gross margins, the decline generally does reduce the quantities of crude oil available for purchase at the wellhead due to curtailed production and drilling activity. Through the acquisition of the gathering and marketing assets of Falco in April 1998, the Partnership was able to improve its average wellhead volumes over 1997 levels, although volumes in the fourth quarter had declined to an average of 107,758 barrels per day. The Partnership expects volumes to decline further in the first quarter of 1999 due to reduced crude oil price levels and the loss of the contract with Pioneer. Due to the profit-sharing aspects of that contract, the Partnership does not expect the impact on gross margin from the loss of the Pioneer contract to be material, however the overall volume decrease in U.S. domestic crude oil production may have an adverse effect on future gross margins.

Pipeline gross margin decreased $3.4 million or 28% to $8.6 million for the year ended December 31, 1998, as compared to $12.0 million for the year ended December 31, 1997. The Partnership experienced a decline in its daily throughput volumes of 8%, decreasing pipeline revenues by $1.5 million. In October 1998, the Partnership acquired 200 additional miles of pipeline in the West Columbia area of Texas. This addition resulted in a restoration of throughput volumes by the end of 1998 to levels at the beginning of the year. Throughput volumes on the existing pipelines declined in 1998 as oil producers reduced exploration and production volumes in areas serviced by the Partnership's pipelines. Decreases in production volumes in areas serviced by the Partnership's pipelines could have an adverse effect on future gross margin.

Also contributing to the decline in pipeline gross margins were higher operating costs in 1998. These higher costs can be attributed to lease payments beginning in the second quarter of 1998 on a new segment of pipeline, repairs on the Main Pass pipeline prior to its shut-in, and increased routine maintenance expenditures.

General and administrative expenses. In 1998, general and administrative expenses increased by $2.9 million or 34% to $11.5 million. This increase can be attributed primarily to three factors. First, the estimated total charge for the Restricted Unit Plan is being recognized over the three-year vesting period beginning in 1998. In 1998, that noncash charge was $1.6 million. Second, in 1998 the Partnership no longer benefited from the sharing of certain costs with Basis under the terms of a Corporate Services Agreement as it did in 1997. Third, costs increased due to the addition of marketing and administrative personnel by the Partnership in April 1998 as a result of the Falco asset acquisition.

Depreciation and amortization. Depreciation and amortization increased from $6.3 million in 1997 to $7.7 million in 1998, primarily attributable to depreciation and amortization on the assets acquired from Falco.

Nonrecurring charge. In 1998, the Partnership recorded a non-recurring charge of $0.4 million as a result of the shut-in of its Main Pass pipeline located offshore. The charge consisted of $0.1 million of costs related to the shut-in and a $0.3 million write-down of the asset.

Interest income (expense), net. Net interest income declined $0.8 million or 89% to $0.2 million for the year ended December 31, 1998 as compared to $1.0 million for the year ended December 31, 1997. As a result of the acquisition of the assets of Falco and the pipeline near West Columbia, Texas, in 1998, the Partnership had less cash available to temporarily invest. Interest expense increased as the Partnership borrowed funds under its loan agreement during the year.

Year Ended December 31, 1997 Compared with Pro Forma Year Ended December 31, 1996

The following analysis compares the results of operations for the Partnership for the year ended December 31, 1997 to the pro forma results of the Partnership for the year ended December 31, 1996. The pro forma consolidated financial statements of the Partnership reflect the historical operating results of the crude oil gathering and marketing operations of Basis and the crude oil gathering, marketing and pipeline transportation operations of Howell. Because the Partnership had no long-term debt, the pro forma consolidated results reflect the elimination of interest expense. Income taxes were also eliminated from the pro forma consolidated results as the Partnership is not subject to federal income taxes.

Gross Margin. Gathering and marketing gross margins decreased $12.7 million or 52% to $11.7 million for the year ended December 31, 1997, as compared to $24.4 million for the year ended December 31, 1996. Field operating expenses decreased $3.0 million, primarily due to a reduction in the number of tractor-trailers. The reduction in the fleet size resulted from efficiencies from the combination of the Howell and Basis fleets.

In 1996, crude oil inventories were at low levels and demand for crude oil by refiners was strong. Gathering and marketing margins expanded as sale prices increased faster than prices paid to producers for crude oil and the wellhead. In 1997, crude oil supply exceeded refiner demand and gathering and marketing margins declined as sale prices decreased much quicker than prices paid to producers to acquire the crude oil. Margins in the 1997 period were also adversely impacted by increases in the cost to exchange sweet and sour grades of crude oil at Midland, Texas, for West Texas Intermediate at Cushing, Oklahoma.

Pipeline gross margin increased $0.2 million or 2% to $12.0 million for the year ended December 31, 1997, as compared to $11.8 million for the year ended December 31, 1996. Daily pipeline throughput volumes increased 3%, increasing pipeline revenues by $1.2 million. In 1997, the Partnership began transporting crude from a new area in Texas, increasing its revenues. Costs associated with transporting this crude are generally higher than the costs associated with the other crude the Partnership transports.

General and Administrative Expenses. In 1997, general and administrative expenses decreased by $0.9 million or 10% to $8.6 million. Efficiencies from the combination of the Howell and Basis staffs contributed to this decline. In addition, the Partnership benefited from the sharing of certain services during the period in which Basis provided services to the Partnership under the terms of a Corporate Services Agreement.

Depreciation and Amortization. Depreciation and amortization expense decreased $0.5 million or 8% to $6.3 million for the year ended December 31, 1997, as compared to $6.8 million for the year ended December 31, 1996. The reduction resulted partly from the full amortization of some assets contributed to the Partnership by Basis.

Liquidity and Capital Resources

Cash Flows

Net cash provided by operations was $16.4 million for the year ended December 31, 1998 as compared to $20.2 million for the year ended December 31, 1997. The decrease in cash flow in 1998 was due primarily to the timing of payment of obligations. Net cash used in operating activities was $0.8 million for the one-month ended December 31, 1996. The decrease in cash flow from the formation of the Partnership to December 31, 1996 was due primarily to increases in inventories. Net cash used in operating activities of the Predecessor was $2.6 million for the eleven months ended November 30, 1996.

Net cash used in investing activities was $17.5 million and $5.7 million for the years ended December 31, 1998 and 1997, respectively, due primarily to asset additions. In 1998, the Partnership acquired the gathering and marketing assets of Falco, a pipeline near West Columbia, Texas, and other pipeline property additions. In 1997, cash was used primarily for pipeline property additions. Net cash used in investing activities was $74.1 million for the one month ended December 31, 1996. This amount primarily relates to the cash expended to acquire the Howell operations. For the eleven months ended November 30, 1996, net cash used in investing activities for

the Predecessor was $2.0 million primarily from the purchase of 26 new tractors and NYMEX seats contributed to Genesis.

Net cash used in financing activities was $3.0 million and $14.6 million for the years ended December 31, 1998 and 1997, respectively. In 1998 the Partnership paid distributions to the Common Unitholders and the General Partner totaling $17.6 million. The Partnership also paid $1.2 million to acquire treasury units in the open market, some of which were subsequently reissued under the Restricted Unit Plan. Cash flows from financing activities were provided by borrowings in the amount of $15.8 million under the loan agreement. Cash flows utilized in 1997 related to the payment of distributions to the Common Unitholders and the General Partner. Net cash provided by financing activities for the one month ended December 31, 1996, was $79.5 million, consisting of the net public offering proceeds and general partner contribution at formation of the Partnership totaling $165.9 million, offset by the distribution to Basis at formation of $87.0 million. Net cash provided by financing activities for the eleven months ended November 30, 1996 and net cash used by financing activities for the year ended December 31, 1995 resulted from advances between Basis and the Predecessor.

Capital Expenditures

In 1998, the Partnership expended $16.2 million for capital expenditures for projects related to the expansion of its business activities and $1.5 million for maintenance capital expenditures. The expansion projects included the acquisition of the gathering and marketing assets of Falco, located primarily in Louisiana and East Texas and the acquisition of 200 miles of pipeline in the West Columbia area of Texas. This pipeline begins in Jackson County, Texas, and ends at Genesis' Webster Station in Harris County.

In 1997, the Partnership made a one-time expenditure of $1.5 million for furnishings for new offices. Additionally, the Partnership expended $2.3 million for capital expenditures relating to its existing operations and $2.2 million for project additions. The principal project addition related to expenditures needed to enable the Partnership to transport in its pipelines the crude from a new area in Texas. Capital expenditures for the one month ended December 31, 1996 and eleven months ended November 30, 1996 were $0.1 million and $1.1 million, respectively. In each period, these expenditures were maintenance capital expenditures. In the year ended December 31, 1995, capital expenditures by the Predecessor were less than $0.1 million.

Maintenance capital expenditures on a pro forma basis for the year ended December 31, 1996 were $2.5 million. The Partnership estimates future maintenance capital expenditures to be approximately $3.0 million per year. These expenditures are expected to be primarily for improvements related to the three principal pipeline systems and for the periodic replacement of tractors and trailers in the Partnership's fleet. The Partnership expects to fund its maintenance capital expenditure requirements from internally generated cash.

Working Capital and Credit Resources

Pursuant to the Master Credit Support Agreement, Salomon is providing credit support in the form of a Guaranty Facility over a period of approximately three years in connection with the purchase, sale or exchange of crude oil in the ordinary course of the Partnership's business with third parties. The aggregate amount of the Guaranty Facility will be limited to $300 million for the year ending December 31, 1999 (to be reduced in each case by the amount of any obligation to a third party to the extent that such party has a prior security interest in the collateral under the Master Credit Support Agreement). The Partnership is required to pay a guaranty fee to Salomon which will increase over the remaining year, thereby increasing the cost of the credit support provided to the Partnership under the Guaranty Facility.

At December 31, 1998, the aggregate amount of obligations covered by guarantees was $152 million, including $89 million in payable obligations and $63 million in estimated crude oil purchase obligations for January 1999.

Salomon received a security interest in all the Partnership's receivables, inventories, general intangibles and cash to secure obligations under the Master Credit Support Agreement. Salomon provided a Working Capital Facility to the Partnership until August 1998. At that time, the Working Capital Facility was replaced with a revolving credit/loan agreement ("Loan Agreement") with Bank One, Texas, N.A. ("Bank One"). The Loan Agreement provides for loans or letters of credit in the aggregate not to exceed the greater of $35 million or the Borrowing Base (as defined in the Loan Agreement). Loans will bear interest at a rate chosen by GCOLP which would be one or more of the following: (a) a Floating Base Rate (as defined in the Loan Agreement) that is generally the prevailing prime rate less one percent; (b) a rate based on the Federal Funds Rate plus one and one-half percent or (c) a rate based on LIBOR plus one and one-quarter percent. The Loan Agreement provides for a

revolving period
until August 14, 2000, during which time interest will be paid monthly. All loans outstanding on August 14, 2000, are due at that time.

The Loan Agreement is collateralized by the accounts receivable and inventory of GCOLP, subject to the terms of an Intercreditor Agreement between Bank One and Salomon. There is no compensating balance requirement under the Loan Agreement. A commitment fee of 0.35% on the available portion of the commitment is provided for in the agreement. Material covenants and restrictions include requirements to maintain a ratio of current assets (as defined in the Loan Agreement) to current liabilities of at least 1:1 and to maintain tangible net worth in GCOLP, as defined in the Loan Agreement, of $65 million.

At December 31, 1998, the Partnership had $15.8 million of loans outstanding under the Loan Agreement. The Partnership had no letters of credit outstanding at December 31, 1998. At December 31, 1998, $19.2 million was available to be borrowed under the Loan Agreement.

There can be no assurance of the availability or the terms of credit for the Partnership. At this time, Salomon does not intend to provide guarantees or other credit support after the three-year credit support period expires in December 1999. In addition, if the General Partner is removed without its consent, Salomon's credit support obligations will terminate. In addition, Salomon's obligations under the Master Credit Support Agreement may be transferred or terminated early subject to certain conditions. Management of the Partnership intends to replace the Guaranty Facility with a letter of credit facility with one or more third party lenders prior to December 1999 and has had preliminary discussions with banks about a replacement letter of credit facility. The General Partner may be required to reduce or restrict the Partnership's gathering and marketing activities because of limitations on its ability to obtain credit support and financing for its working capital needs. The General Partner expects that the overall cost of a replacement facility may be substantially greater than what the Partnership is incurring under its existing Master Credit Support Agreement. Any significant decrease in the Partnership's financial strength, regardless of the reason for such decrease, may increase the number of transactions requiring letters of credit or other financial support, make it more difficult for the Partnership to obtain such letters of credit, and/or may increase the cost of obtaining them. This situation could in turn adversely affect the Partnership's ability to maintain or increase the level of its purchasing and marketing activities or otherwise adversely affect the Partnership's profitability and Available Cash.

Distributions

Generally, GCOLP will distribute 100% of its Available Cash within 45 days after the end of each quarter to Unitholders of record and to the General Partner. Available Cash consists generally of all of the cash receipts less cash disbursements of GCOLP adjusted for net changes to reserves. (A full definition of Available Cash is set forth in the Partnership Agreement.) Distributions of Available Cash to the holders of Subordinated OLP Units are subject to the prior rights of holders of Common Units to receive the minimum quarterly distribution ("MQD") for each quarter during the subordination period (which will not end earlier than December 31, 2001) and to receive any arrearages in the distribution of the MQD on the Common Units for prior quarters during the subordination period. MQD is $0.50 per unit.

Salomon has committed, subject to certain limitations, to provide total cash distribution support, with respect to quarters ending on or before December 31, 2001, in an amount up to an aggregate of $17.6 million in exchange for Additional Partnership Interests ("APIs"). Salomon's obligation to purchase APIs will end no later than December 31, 2001, with the actual termination subject to the levels of distributions that have been made prior to the termination date. Any APIs purchased by Salomon are not entitled to cash distributions or voting rights. The APIs will be redeemed if and to the extent that Available Cash for any future quarter exceeds an amount necessary to distribute the MQD on all Common Units and Subordinated OLP Units and to eliminate any arrearages in the MQD on Common Units for prior periods.

In 1998, the Partnership paid total distributions of $2.00 per unit to the Common Unitholders and the General Partner. This amount represented distributions for the period from October 1, 1997 to September 31, 1998. A distribution of $0.50 per unit, applicable to the fourth quarter of 1998, was paid on February 12, 1999 to holders of record on January 29, 1999. In 1997, the Partnership paid total distributions of $1.66 per unit, representing distributions for the period from the Partnership's inception in December 1996 through September 30, 1997.

As a result of poor domestic crude oil market conditions, the General Partner may have to draw on the cash distribution support from Salomon during 1999.

Year 2000 Issue

Many software applications, equipment and embedded chip systems identify dates using only the last two digits of the year. These systems may be unable to distinguish between dates in the year 2000 and the year 1900. If not addressed, this condition could cause such systems to fail or provide incorrect information when using dates after December 31, 1999. Due to the Partnership's dependence on such systems, this condition could have an adverse effect on the Partnership.

Partnership's State of Readiness

To address the Year 2000 issue, the Partnership has formed a Year 2000 Steering Committee to coordinate execution of a project to identify, assess, and remedy any critical Year 2000 issues that might impact the Partnership ("Year 2000 Project" or "the Project"). The Year 2000 Project Steering Committee has established six phases for the Project. The six phases include (i) awareness, (ii) inventory, (iii) assessment, (iv) remediation, (v) testing and (vi) implementation. The Year 2000 Steering Committee has classified the key automated systems for analysis as (a) financial systems applications, (b) operational system applications, (c) hardware and equipment, (d) embedded chip systems and (e) third-party systems. The Year 2000 Project includes addressing the Year 2000 exposure of third parties whose operations are material to the operations of the Partnership. The Partnership has retained a Year 2000 consulting firm to review the Partnership's Year 2000 Project Plan, execution of that Plan and associated contingency plans. The Year 2000 consulting firm reports its findings to the Year 2000 Steering Committee periodically. The status of the Year 2000 Project is reviewed with the Board of Directors at its quarterly meetings.

The awareness phase of the Year 2000 project consists of an enterprise-wide awareness program to communicate to employees and other stakeholders the Year 2000 problems, the issues affecting the Partnership, the processes to be applied to the Project and to solicit participation to enhance the likelihood of success of this Project. The initial awareness phase activities have been completed; however, activities associated with the awareness phase will continue throughout the course of the Project.

The inventory phase entails identifying all software applications, equipment, embedded chip systems and third-party systems that should be evaluated as part of this Project. All applications, equipment and systems have been identified for evaluation. Due to the dynamic nature of systems in the operations of the Partnership, the identification phase will be updated and reassessed throughout the course of the Project. A Year 2000 Change Management Program is being developed to monitor and control system changes that could affect the Partnership's Year 2000 Project.

The assessment phase includes analysis and testing of inventoried applications, equipment and systems to determine the business impact, probability of failure and identification of the proper course of action to achieve Year 2000 compliance. All systems have been analyzed to determine the business impact of failure. All critical applications, equipment and systems have been assessed as to the probability of failure. The determination of the proper course of action for all critical applications, equipment and systems that are not yet compliant is substantially complete.

The assessment phase of the project includes reasonable efforts to obtain representation and assurances from third parties that their applications, hardware and equipment, and systems being used by or impacting the Partnership are or will be modified to be Year 2000 compliant. To date, the responses from such third parties are positive but inconclusive. As a result, management cannot predict the potential consequences to the Partnership if applications, hardware or systems under the control of third parties are not Year 2000 compliant.

The remediation phase will include the modification, conversion or replacement of existing applications, hardware and systems that are determined not to be Year 2000 compliant. A software consulting firm has been engaged to perform the remediation phase on the Partnership's critical financial and operational systems that are to be modified or converted. Remediation of all other critical systems is currently underway and is expected to be completed by the end of the second quarter of 1999 or shortly thereafter.

The testing phase will validate the results of the remediation phase. The implementation phase will perform business system modifications for applications, hardware and systems that are affected by the remediation phase. Management expects that the testing and implementation phases will be substantially completed during the third quarter of 1999. Since the Partnership does not expect to materially change operating processes as part of the Year 2000 Project, management does not expect the implementation phase to be a significant part of the Project.

Costs of the Year 2000 Project

While the total cost of the Year 2000 Project is still under evaluation, management currently estimates that the total costs to be incurred by the Partnership for the Year 2000 Project will be between $400,000 and $600,000. The Partnership expects to fund these expenditures with cash from operations or borrowings. Cash expenditures through December 31, 1998 were approximately $100,000. The Partnership does not separately track the internal costs incurred for the Year 2000 Project. Internal costs are primarily the payroll related costs for the Partnership's information systems group, Year 2000 Steering Committee members and other operations personnel involved in the Project. Management has not deferred specific information technology projects as a direct result of the Year 2000 issue.

Risk of Year 2000 Issues

Major applications that pose the greatest Year 2000 risks for the Partnership if the Year 2000 Project is not successful are the Partnership's financial and operational system applications and embedded chip systems in field equipment. Potential problems resulting if the Year 2000 Project is not successful include disruptions of the Partnership's financial and operational functions. Affected financial functions include the ability to collect revenue, issue payments and carry on commercial and banking transaction execution activities. Operational functions that could be disrupted include the Partnership's crude oil transportation, storage, gathering and marketing activities.

Contingency Plans

The goal of the Year 2000 Project is to ensure that all critical systems and business processes under the direct control of the Partnership remain functional. However, since certain systems and processes may be interrelated with systems outside of the control of the Partnership, there can be no assurance that the Year 2000 Project will be completely successful. Consequently, contingency and business plans are being developed to respond to any Year 2000 compliance failures that may occur. Such plans are expected to be completed by the end of the third quarter of 1999.

Management does not expect the costs of the Year 2000 project to have a material adverse effect on the Partnership's financial position, results of operations or cash flows. At this time, however, the Partnership cannot conclude that any failure of the Partnership or third parties to achieve Year 2000 compliance will not adversely affect the Partnership.

Item 7a. Price Risk Management and Financial Instruments

The Partnership's primary price risk relates to the effect of crude oil price fluctuations on its inventories and the fluctuations each month in grade and location differentials and their effects on future contractual commitments. The Partnership utilizes New York Mercantile Exchange ("NYMEX") commodity based futures contracts, forward contracts, swap agreements and option contracts to hedge its exposure to these market price fluctuations. Management believes the hedging program has been effective in minimizing overall price risk. At December 31, 1998, the Partnership used futures and forward contracts exclusively in its hedging program with the latest contract being settled in January 2000. Information about these contracts is contained in the table set forth below.

	Sell (Short) Contracts	Buy (Long) Contracts
Commodity Futures Contracts		
Contract volumes (1,000 bbls)	14,424	13,552
Weighted average price per bbl	$ 12.94	$ 12.96
Contract value (in thousands)	$186,655	$175,631
Fair value (in thousands)	$176,843	$166,425
Commodity Forward Contracts:		
Contract volumes (1,000 bbls)	5,469	6,288
Weighted average price per bbl	$ 11.88	$ 12.25
Contract value (in thousands)	$64,966	$77,010
Fair value (in thousands)	$64,975	$75,453

The table above presents notional amounts in barrels, the weighted average contract price, total contract amount in U.S. dollars and total fair value amount in U.S. dollars. Fair values were determined by using the notional

amount in barrels multiplied by the December 31, 1998 closing prices of the applicable NYMEX futures contract adjusted for location and grade differentials, as necessary.

Item 8. Financial Statements and Supplementary Data

The information required hereunder is included in this report as set forth in the "Index to Consolidated Financial Statements" on page 30.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosures

None.

Part III

Item 10. Directors and Executive Officers of the Registrant

The Partnership does not directly employ any persons responsible for managing or operating the Partnership or for providing services relating to day-to-day business affairs. The General Partner provides such services and is reimbursed for its direct and indirect costs and expenses, including all compensation and benefit costs.

The Board of Directors of the General Partner has established a committee (the "Audit Committee") consisting of individuals who are neither officers nor employees of the General Partner or any affiliate of the General Partner. The committee has the authority to review, at the request of the General Partner, specific matters as to which the General Partner believes there may be a conflict of interest in order to determine if the resolution of such conflict is fair and reasonable to the Partnership. In addition, the committee reviews the external financial reporting of the Partnership, recommends engagement of the Partnership's independent accountants, and reviews the Partnership's procedures for internal auditing and the adequacy of the Partnership's internal accounting controls.

Directors and Executive Officers of the General Partner

Set forth below is certain information concerning the directors and executive officers of the General Partner. All directors of the General Partner are elected annually by the General Partner. All executive officers serve at the discretion of the General Partner.

Name	Age	Position
Thomas W. Jasper	50	Director and Chairman of the Board
John P. vonBerg	45	Director, Chief Executive Officer and President
Mark J. Gorman	44	Director, Chief Operating Officer and Executive Vice President
Michael A. Peak	45	Director
Paul N. Howell	80	Director
Robert T. Moffett	47	Director
Donald H. Anderson	50	Director
Herbert I. Goodman	76	Director
J. Conley Stone	67	Director
John M. Fetzer	45	Senior Vice President, Crude Oil
Ross A. Benavides	45	Chief Financial Officer
Paul A. Scoff	40	General Counsel and Secretary
Allen R. Stanley	55	Vice President, Pipeline Operations
Ben F. Runnels	58	Vice President, Trucking Operations
Kerry W. Mazoch	52	Vice President, Crude Oil Acquisitions

Thomas W. Jasper has served as a Director of the General Partner since December 1996. Mr. Jasper is currently an advisor to Salomon Smith Barney Inc. Prior to this he served as Treasurer of Salomon Smith Barney Holdings Inc. and its principal subsidiaries, Salomon Brothers Inc and Smith Barney Inc. Mr. Jasper was also a Managing Director of Salomon Smith Barney Holdings Inc., Salomon Brothers Inc and Smith Barney, Inc. Mr. Jasper was Treasurer of Salomon Inc and Salomon Brothers Inc. from April 1996 to December 1997. Prior to this appointment, he served in various capacities for Salomon Brothers Inc and its subsidiaries, beginning in 1982.

John P. vonBerg has served as Director, Chief Executive Officer and President of the General Partner since December 1996. He was Vice President of Crude Oil Gathering, Domestic Supply and Trading, for Basis and its

predecessor, Phibro USA, from January 1994 to December 1996. He managed the Gathering and Domestic Trading and Commercial Support functions for Phibro USA during 1993. Prior to 1993, Mr. vonBerg worked for Marathon Oil Company ("Marathon") for 13 years in various capacities, including Product Trading, Risk Management, Crude Oil Purchases and Sales, Finance, Auditing and Operations.

Mark J. Gorman has served as Director and Executive Vice President of the General Partner since December 1996. In October 1997 he was also elected to Chief Operating Officer of the General Partner. He was President of Howell Crude Oil Company, a wholly-owned subsidiary of Howell Corporation, from September 1992 to December 1996. Prior to joining Howell, Mr. Gorman worked for Marathon for fifteen years in various capacities in Crude Oil Acquisition and Finance and Administration, including Manager of Crude Oil Purchases and Sales and Manager of Crude Oil Trading and Risk Management.

Michael A. Peak was elected to the Board of Directors of the General Partner in April 1997. Since 1989, Mr. Peak has been a crude oil trader with Phibro, Inc., a wholly-owned subsidiary of Salomon Smith Barney Holdings Inc. Prior to joining Phibro, Inc., Mr. Peak worked for Marathon for thirteen years in various capacities, including Manager of Crude Oil Trading, Business Development for the Gulf Coast Pipeline Division, Controller of the Gulf Coast Pipeline Division, Natural Gas Liquids Trader and several planning positions.

Paul N. Howell has served as a Director of the General Partner since December 1996. He held the position of President of Howell from 1995 until May 1997 and the post of Chief Executive Officer of Howell from 1955 until May 1997. Mr. Howell served as Chairman of the Board of Howell from 1978 to 1995 and continues to serve as a director of Howell.

Robert T. Moffett became a Director of the General Partner in February 1999, replacing Ronald E. Hall. He has held the position of Vice President, General Counsel and Secretary of Howell since December 1996. He was Vice President and General Counsel of Howell from January 1995 to December 1996. Mr. Moffett joined Howell as General Counsel in September 1992. From 1987 to 1992, Mr. Moffett was a partner in Moffett and Brewster, an oil and gas investment firm.

Donald H. Anderson was elected to the Board of Directors of the General Partner in March 1997. He is Executive Director of Western Growth Capital, a Denver-based venture capital fund. He was Chairman, President and Chief Executive Officer of PanEnergy Services, Inc., from December 1994 to March 1, 1997. PanEnergy Services, Inc., now a subsidiary of Duke Energy Corporation, is engaged in nonjurisdictional natural gas and electric marketing, natural gas gathering and processing, and crude oil and natural gas liquids trading and pipeline transportation. From 1989 to 1994, Mr. Anderson was President and Chief Operating Officer and Director of Associated Natural Gas Corporation, which merged with PanEnergy Corp. in 1994. Prior to 1989, Mr. Anderson was Vice President of Lantern Petroleum Corporation.

Herbert I. Goodman was elected to the Board of Directors of the General Partner in January 1997. He is the Chairman of IQ Holdings, Inc., a manufacturer and marketer of petrochemical-based consumer products. From 1988 until 1996 he was Chairman and Chief Executive Officer of Applied Trading Systems, Inc., a trading and consulting business. Prior to 1988, Mr. Goodman was with Gulf Trading and Transportation Company and Gulf Oil Corporation.

Mr. J. Conley Stone was elected to the Board of Directors of the General Partner in January 1997. From 1987 to his retirement in 1995, he served as President, Chief Executive Officer, Chief Operating Officer and Director of Plantation Pipe Line Company, a common carrier liquid petroleum products pipeline transporter. From 1976 to 1987, Mr. Stone served in a variety of executive positions with Exxon Pipeline Company.

John M. Fetzer has served as Senior Vice President, Crude Oil, for the General Partner since December 1996. He served in the same capacity for Howell Crude Oil Company from September 1994 to December 1996. From 1993 to September 1994, Mr. Fetzer was a private investor and a consultant and expert witness in oil and gas related matters. He held the positions of Senior Vice President, Marketing, from 1991 to 1993 and Vice President of Crude Oil Trading from 1986 to 1991 at Enron Oil Trading and Transportation. From 1981 to 1986, Mr. Fetzer served as Manager, Crude Oil Trading for UPG Falco and P&O Falco, which later became Enron Oil Trading and Transportation. Prior to joining P&O Falco he held various financial and commercial positions with Marathon, which he joined in 1976.

Ross A. Benavides has served as Chief Financial Officer of the General Partner since October 1998. He served as Tax Counsel for Lyondell Petrochemical Company ("Lyondell") from May 1997 to October 1998. Prior to

joining Lyondell,
he was Vice President of Basis from June 1996 to May 1997 and Tax Director of Basis from May 1994 to May 1996. From March 1990 to April 1994, he served as Tax Manager for Lyondell.

Paul A. Scoff has served as General Counsel and Secretary of the General Partner since December 1996. He served as Senior Counsel for Basis and its predecessor Phibro USA from June 1994 to December 1996. Prior to joining Phibro USA, he was a Senior Attorney for The Coastal Corporation ("Coastal") from 1989 until June of 1994 where he advised the marine, refining and marketing and crude gathering subsidiaries of Coastal. Mr. Scoff was in private practice from 1984 until he joined Coastal in 1989.

Allen R. Stanley has served as Vice President, Pipeline Operations, of the General Partner since December 1996. He joined Howell Crude Oil Company as Senior Vice President of Operations in February 1995 following one year of consulting work for Howell. From 1986 to his retirement from Marathon in 1992, he was Manager, Business Development and Joint Interest for the downstream component. From 1976 to 1986, he served as Manager/Gulf Coast Division in Houston, Texas for Marathon Pipe Line Company, Manager/Non-operated Joint Interests in London for Marathon, Manager/Engineering for Oasis Oil Company and Manager, Engineering for Marathon Pipe Line Company in Findlay, Ohio. Mr. Stanley began his career with Marathon in 1965.

Ben F. Runnels has served as Vice President, Trucking Operations of the General Partner since December 1996. He held the position of General Manager, Operations with Basis and its predecessor, Phibro USA, for the previous four years. Prior to that, he was Manager, Operations for JM Petroleum Corporation for four years. From 1974 until 1988, he was employed by Tesoro Petroleum Corp. and held the positions of Terminal Manager, Regional Manager, Pipeline Manager, and Division Manager, respectively. From 1962 until 1974, Mr. Runnels held various managerial positions at Ryder Tank Lines, Coastal Tank Lines, Robertson

Tank Lines and Gulf Oil Corporation.

Kerry W. Mazoch has served as Vice President, Crude Oil Acquisitions, of the General Partner since August 1997. From 1991 to 1997 he held the position of Vice President and General Manager of Crude Oil Acquisitions at Northridge Energy Marketing Corp., a wholly-owned subsidiary of TransCanada Pipelines Limited. From 1972 until 1991 he was employed by Mesa Pipe Line Company and held the positions of Vice President, Crude Oil, and General Manager, Refined Products Marketing. Prior to 1972, Mr. Mazoch worked for Exxon Company U.S.A. in various refined products marketing capacities.

Section 16(a) of the Securities Exchange Act of 1934 requires the officers and directors of the General Partner and persons who own more than ten percent of a registered class of the equity securities of the Partnership to file reports of ownership and changes in ownership with the SEC and the New York Stock Exchange. Based solely on its review of the copies of such reports received by it, or written representations from certain reporting persons that no Forms 5 were required for those persons, the General Partner believes that during 1998 its officers and directors complied with all applicable filing requirements in a timely manner.

Representatives of Salomon and Howell and officers of the General Partner will not receive any additional compensation for serving Genesis Energy, L.L.C., as members of the Board of Directors or any of its committees. Each of the independent directors receives an annual fee of $20,000.

Item 11. Executive Compensation

The Partnership and the General Partner were formed in September 1996 but transacted no business until December 1996. Accordingly, the General Partner paid no compensation to its directors and officers with respect to the first eleven months of 1996 or the 1995 fiscal year. Under the terms of the Partnership Agreement, the Partnership is required to reimburse the General Partner for expenses relating to the operation of the Partnership, including salaries and bonuses of employees employed on behalf of the Partnership, as well as the costs of providing benefits to such persons under employee benefit plans and for the costs of health and life insurance. See "Certain Relationships and Related Transactions."

The following table summarizes certain information regarding the compensation paid or accrued by Genesis during 1998 and 1997 and during the one month ended December 31, 1996 to the Chief Executive Officer and each of Genesis' four other most highly compensated executive officers (the "Named Officers").

<TABLE>
<CAPTION>

Summary Compensation Table

		Annual Compensation			Long-Term Compensation Awards	
Name and Principal Position	Year	Salary $	Bonus $	Other Annual Compensation $ <F1>	Restricted Stock Awards $ <F2>	All Other Compensation $
<S>	<C>	<C>	<C>	<C>	<C>	<C>
John P. vonBerg	1998	350,000	-	-	570,891 <F3>	9,600 <F8>
Chief Executive Officer	1997	350,000	50,000	-	-	9,550 <F11>
and President	1996	29,167	-	-	-	-
Mark J. Gorman	1998	230,000	37,500	-	570,891 <F4>	9,600 <F8>
Executive Vice President	1997	212,500	37,500	-	-	9,550 <F11>
and Chief Operating Officer	1996	17,500	-	-	-	-
John M. Fetzer	1998	200,000	37,500	-	570,891 <F5>	9,600 <F8>
Senior Vice President,	1997	200,000	37,500	-	-	9,550 <F11>
Crude Oil	1996	16,667	-	-	-	-
Kerry W. Mazoch	1998	166,000	25,000	-	231,057 <F6>	4,800 <F9>
Vice President, Crude	1997	62,250	15,000	-	-	1,743 <F12>
Oil Acquisitions						
Allen R. Stanley	1998	140,000	15,000	-	285,446 <F7>	9,162 <F10>
Vice President, Pipeline	1997	140,000	20,000	-	-	7,134 <F13>
	1996	11,667	-	-	-	-

<FN>
<F1> No Named Officer had "Perquisites and Other Personal Benefits" with a value greater than the lesser of $50,000 or 10% of reported salary and bonus.
<F2> Restricted units were awarded to the Named Officer on January 27, 1998. Under the terms of the Amended and Restated Restricted Unit Plan, the award will vest in increments of one-third annually beginning on December 8, 1998. The vested units cannot be sold until one year after vesting. Prior to vesting, distributions will be paid on restricted units any time distributions are paid on the Subordinated OLP Units. After vesting, the Named Officer will receive distributions whenever distributions are paid to the Common Unitholders.
<F3> Mr. vonBerg received an award of 29,090 restricted units. At December 31, 1998, Mr. vonBerg had 6,841 vested restricted units with a value of $98,767 (determined using closing market price of unrestricted units on December 31, 1998). He had 19,294 unvested restricted units with a value of $278,557. Mr. vonBerg relinquished 2,855 of the units that vested in 1998 so that the value of the units on the vesting date ($16.8125 per unit) could be used to pay federal income taxes owed on the vested portion of the award.
<F4> Mr. Gorman received an award of 29,090 restricted units. At December 31, 1998, Mr. Gorman had 6,841 vested restricted units with a value of $98,767 (determined using closing market price of unrestricted units on December 31, 1998). He had 19,294 unvested restricted units with a value of $278,557. Mr. Gorman relinquished 2,855 of the units that vested in 1998 so that the value of the units on the vesting date ($16.8125 per unit) could be used to pay federal income taxes owed on the vested portion of the award.
<F5> Mr. Fetzer received an award of 29,090 restricted units. At December 31, 1998, Mr. Fetzer had 6,841 vested restricted units with a value of $98,767 (determined using closing market price of unrestricted units on December 31, 1998). He had 19,294 unvested restricted units with a value of $278,557. Mr. Fetzer relinquished 2,855 of the units that vested in 1998 so that the value of the units on the vesting date ($16.8125 per unit) could be used to pay federal income taxes owed on the vested portion of the award.
<F6> Mr. Mazoch received an award of 12,121 restricted units. At December 31, 1998, Mr. Mazoch had 2,851 vested restricted units with a value of $41,161 (determined using closing market price of unrestricted units on December 31, 1998). He had 8,081 unvested restricted units with a value of $116,669. Mr. Mazoch relinquished 1,189 of the units that vested in 1998 so that the value of the units on the vesting date ($16.8125 per unit) could be used to pay federal income taxes owed on the vested portion of the award.
<F7> Mr. Stanley received an award of 14,545 restricted units. At December 31, 1998, Mr. Stanley had 4,848 vested restricted units with a value of $69,993 (determined using closing market price of unrestricted units on December 31, 1998). He had 9,697 unvested restricted units with a value of $140,000.
<F8> Includes $4,800 of Company-matching contributions to a defined contribution plan and $4,800 of profit-sharing contributions to a defined contribution plan.
<F9> Includes $4,800 of profit-sharing contributions to a defined contribution plan.
<F10> Includes $4,362 of Company-matching contributions to a defined contribution plan and $4,800 of profit-sharing contributions to a defined contribution plan.
<F11> Includes $4,750 of Company-matching contributions to a defined contribution plan and $4,800 of profit-sharing contributions to a defined contribution plan.
<F12> Includes $1,743 of profit-sharing contributions to a defined contribution plan.
<F13> Includes $3,069 of Company-matching contributions to a defined contribution plan and $4,065 of profit-sharing contributions to a defined contribution plan.
</FN>
</TABLE>

Employment Agreements

The General Partner entered into employment agreements with the following executive officers: Mr. vonBerg, Mr. Gorman, Mr. Fetzer, Mr. Stanley, Mr. Runnels, Mr. Benavides and Mr. Scoff. The agreements, except for the agreement with Mr. Benavides, have an initial term expiring December 31, 1999 ("Initial Term") with one optional extension term of two years and five additional optional extension terms of one year each ("Extension Terms"), and include the following additional provisions: (i) an annual base salary, (ii) eligibility to participate in the Restricted Unit Plan (including the allocation of Initial Restricted Units) and Incentive Compensation Plan described below, (iii) confidential information and noncompetition provisions and (iv) an involuntary termination provision pursuant to which the executive officer will receive severance compensation under certain circumstances. Severance compensation applicable under the employment agreements for an involuntary termination during the Initial Term and Extension Terms (other than a termination for cause, as defined in the agreements) will include payment of the greater of (i) the base salary for the balance of the applicable term, or (ii) one year's base salary then in effect and, in addition, the executive will be entitled to receive incentive compensation payable to the executive in accordance with the Incentive Plan. Upon expiration or termination of the agreement, the confidential information and noncompetition provisions will continue until the earlier of one year after the date of termination or the remainder of the unexpired term, but in no event for less than six months following the expiration or termination. The only difference in Mr. Benavides' employment agreement is that the Initial Term expires in October 2000.

Restricted Unit Plan

In January 1997, the General Partner adopted a restricted unit plan for key employees of the General Partner that provided for the award of rights to receive Common Units under certain restrictions including meeting thresholds tied to Available Cash and Adjusted Operating Surplus. In January 1998, the restricted unit plan was amended and restated, and the thresholds tied to Available Cash and Adjusted Operating Surplus were eliminated. The discussion that follows is based on the terms of the Amended and Restated Restricted Unit Plan (the "Restricted Unit Plan"). Initially, rights to receive 291,000 Common Units are available under the Restricted Unit Plan. From these Units, rights to receive 240,000 Common Units (the "Restricted Units") have been allocated to approximately 32 individuals, subject to the vesting conditions described below and subject to other customary terms and conditions.

One-third of the Restricted Units allocated to each individual will vest annually beginning in December 1998. The remaining rights to receive 51,000 Common Units initially available under the Restricted Unit Plan may be allocated or issued in the future to key employees on such terms and conditions (including vesting conditions) as the Compensation Committee of the General Partner ("Compensation Committee") shall determine.

Upon "vesting" in accordance with the terms and conditions of the Restricted Unit Plan, Common Units allocated to a plan participant will be issued to such participant. Units issued to participants may be newly issued Units acquired by the General Partner from the Partnership at then prevailing market prices or may be acquired by

the General Partner in the open market. In either case, the associated expense will be borne by the Partnership. Until Common Units have vested and have been issued to a participant, such participant shall not be entitled to any distributions or allocations of income or loss and shall not have any voting or other rights in respect of such Common Units. The participant shall receive cash awards based on the number of non-vested units held by such participant to the extent that distributions are paid on Subordinated OLP Units. To date, no distributions have been paid with respect to Subordinated OLP Units. No consideration will be payable by the plan participants upon vesting and issuance of the Common Units. The plan participant cannot sell the Common Units until one year after the date of vesting.

Termination without cause in violation of a written employment agreement, or a Significant Event as defined in the Restricted Unit Plan, will result in immediate vesting of all non-vested units and conversion to Common Units without any restrictions.

Incentive Plan

In January 1997, the General Partner adopted the Genesis Incentive Compensation Plan (the "Incentive Plan") and amended it in January 1998. The Incentive Plan is designed to enhance the financial performance of the Partnership by rewarding the executive officers and other specific key employees for achieving annual financial performance objectives. The Incentive Plan will be administered by the Compensation Committee. Individual participants and payments, if any, for each calendar year will be determined by and in the discretion of the Compensation Committee. No incentive payments will be made with respect to any year unless (i) the aggregate MQD in the Incentive Plan year has been distributed to each holder of Common Units, plus any arrearage thereon, (ii) the Adjusted Operating Surplus generated during such year has equaled or exceeded the sum of the MQD on all of the outstanding Common Units and the related distribution on the General Partner's interest during such year and (iii) no APIs are outstanding. In addition, incentive payments will not exceed $375,000 with respect to any year unless (i) each holder of Subordinated OLP Units has also received the aggregate MQD and (ii) the Adjusted Operating Surplus generated during such year exceeded the sum of the MQD on all of the outstanding Common Units and Subordinated OLP Units and the related distribution on the General Partner's interest during such year. Any incentive payments will be at the discretion of the Compensation Committee, and the General Partner will be able to amend or change the Incentive Plan at any time.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The Partnership knows of no one who beneficially owns in excess of five percent of the Common Units of the Partnership. As set forth below, certain beneficial owners own interests in the General Partner of the Partnership.

<TABLE>
<CAPTION>

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership as of January 1, 1997	Percent of Class
<S>	<C>	<C>	<C>
General Partner Interest	Genesis Energy, L.L.C. 500 Dallas, Suite 2500 Houston, TX 77002	1 <F1>	100.00
General Partner Interest	Salomon Smith Barney Holdings Inc. Seven World Trade Center New York, NY 10048	1 <F1>	100.00
General Partner Interest	Howell Corporation 1111 Fannin, Suite 1500 Houston, TX 77002	1 <F1>	100.00

<FN>
<F1> Salomon owns 54% of Genesis Energy, L.L.C., and Howell owns 46% of Genesis Energy, L.L.C. The reporting of the General Partner interest shall not be deemed to be a concession that such interest represents a security.
</FN>
</TABLE>

The following table sets forth certain information as of February 28, 1999, regarding the beneficial ownership of the Common Units by all directors of the General Partner, each of the named executive officers and all directors and executive officers as a group.

<TABLE>
<CAPTION>

Title of Class	Name	Amount and Nature of Beneficial Ownership: Sole Voting and Investment Power	Shared Voting and Investment Power	Percent of Class
<S>	<C>	<C>	<C>	<C>
Genesis Energy, L.P.	Thomas W. Jasper	-	-	-
Common Unit	John P. vonBerg	12,841	-	*
	Mark J. Gorman	11,841	-	*
	Michael A. Peak	409	-	*
	Paul N. Howell	1,200	-	*
	Robert T. Moffett	-	-	-
	Donald H. Anderson	1,000	-	*
	Herbert I. Goodman	2,000	-	*
	J. Conley Stone	1,000	-	*
	John M. Fetzer	11,841	-	*
	Kerry W. Mazoch	2,851	-	*
	Allen R. Stanley	10,348	6,400	*
	All directors and executive officers as a group (15 in number)	61,923	6,400	*

* Less than 1%
</TABLE>

The above table includes shares owned by certain members of the families of the directors or executive officers, including shares in which pecuniary interest may be disclaimed.

Item 13. Certain Relationships and Related Transactions

See Note 13 to the Consolidated Financial Statements for information regarding certain transactions between Genesis and the General Partner, Salomon, Howell and their subsidiaries and affiliates.

Salomon and Howell own 1,163,700 and 991,300 Subordinated OLP Units, respectively, representing a 10.58% and 9.01% limited partner interest in GCOLP. Salomon and Howell own 54% and 46%, respectively, of the General Partner. Through its control of the General Partner, Salomon has the ability to control the management of the Partnership and GCOLP.

For administrative reasons, each of Basis and Howell employed through December 31, 1996, the persons responsible for managing or operating the Partnership. All employment costs and expenses related to such employees for the one month ended December 31, 1996 were charged to the General Partner and were reimbursed by the Partnership to the General Partner.

Redemption and Registration Rights Agreement. Pursuant to the Redemption and Registration Rights Agreement, the Partnership has agreed, at the end of the Subordination Period or upon earlier conversion of Subordinated OLP Units into Common OLP Units, to use reasonable efforts to sell that number of Common Units equal to the number of Common OLP Units that Salomon or Howell is requesting be redeemed. The proceeds, net of underwriting discount or placement fees, if any, from such sale will be used by the Operating Partnership to redeem such Common OLP Units. The Partnership is obligated to pay the expenses incidental to redemption requests, other than the underwriting discount or placement fees, if any. The General Partner will have a proportionate percentage of its general partner interest in the Operating Partnership redeemed when Common OLP Units are redeemed in connection with the exercise of the redemption right.

Distribution Support Agreement. To further enhance the Partnership's ability to distribute the Minimum Quarterly Distribution on the Common Units with respect to each quarter through the quarter ending December 31, 2001, Salomon has agreed in the Distribution Support Agreement, subject to certain limitations, to contribute or cause to be contributed cash, if necessary, to the Partnership in return for APIs. Salomon's obligation to purchase APIs is limited to a maximum amount outstanding at any one time equal to $17.6 million. The Unitholders have no independent right separate and apart from the Partnership to enforce obligations of Salomon under the Distribution Support Agreement. See "Cash Distribution Policy--Distribution Support."

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)(1) and (2) Financial Statements and Financial Statement Schedules

See "Index to Consolidated Financial Statements" set forth on page 30.

(a)(3) Exhibits

	3.1	Certificate of Limited Partnership of Genesis Energy, L.P. ("Genesis") (incorporated by reference to Exhibit 3.1 to Registration Statement, File No. 333-11545)
**	3.2	Agreement of Limited Partnership of Genesis
**	3.3	Certificate of Limited Partnership of Genesis Crude Oil, L.P. (the "Operating Partnership")
	3.4	Agreement of Limited Partnership of the Operating Partnership (incorporated by reference to Exhibit 3.4 to Registration Statement, File No. 333-11545)
**	10.1	Purchase & Sale and Contribution & Conveyance Agreement dated as of December 3, 1996 among Basis Petroleum, Inc. ("Basis"), Howell Corporation ("Howell"), certain subsidiaries of Howell, Genesis, the Operating Partnership and Genesis Energy, L.L.C.
**	10.2	First Amendment to Purchase & Sale and Contribution & Conveyance Agreement
**	10.3	Distribution Support Agreement among the Operating Partnership and Salomon Inc
**	10.4	Master Credit Support Agreement among the Operating Partnership, Salomon Inc and Basis
**	10.5	Redemption and Registration Rights Agreement among Basis, Howell, certain Howell subsidiaries, Genesis and the Operating Partnership
	10.7	Non-competition Agreement among Genesis, the Operating Partnership, Salomon Inc, Basis and Howell (incorporated by reference to Exhibit 10.6 to Registration Statement, File No. 333-11545)
**	10.8	Employment Agreement between Genesis Energy, L.L.C. and John P. vonBerg
**	10.9	Employment Agreement between Genesis Energy, L.L.C. and Mark J. Gorman

** 10.10 Employment Agreement between Genesis Energy, L.L.C. and John M. Fetzer

10.11 Employment Agreement between Genesis Energy, L.L.C. and Ross A. Benavides (incorporated by reference to Exhibit 10.3 to Form 10-Q for the quarterly period ended September 30, 1998)

** 10.12 Employment Agreement between Genesis Energy, L.L.C. and Paul A. Scoff

** 10.13 Employment Agreement between Genesis Energy, L.L.C. and Allen R. Stanley

** 10.14 Employment Agreement between Genesis Energy, L.L.C. and Ben F. Runnels

10.15 Office Lease at One Allen Center between Trizec Allen Center Limited Partnership (Landlord) and Genesis Crude Oil, L.P. (Tenant) (incorporated by reference to Exhibit 10 to Form 10-Q for the quarterly period ended September 30, 1997)

10.16 Third Amendment to Master Credit Support Agreement (incorporated by reference to Exhibit 10 to Form 10-Q for the quarterly period ended September 30, 1997)

10.17 Sixth Amendment to Master Credit Support Agreement (incorporated by reference to Exhibit 10.17 to Form 10-K for the year ended December 31, 1997)

10.18 Amended and Restated Restricted Unit Plan (incorporated by reference to Exhibit 10.18 to Form 10-K for the year ended December 31, 1997)

10.19 Loan Agreement by and between Genesis Crude Oil, L.P. and Bank One, Texas, N.A. dated as of August 14, 1998 (incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarterly period ended September 30, 1998)

10.20 Amendment No. 1 to Loan Agreement by and between Genesis Crude Oil, L.P. and Bank One, Texas, N.A. dated as of August 14, 1998 (incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarterly period ended September 30, 1998)

* 10.21 Amendment No. 2 to Loan Agreement by and between Genesis Crude Oil, L.P. and Bank One, Texas, N.A. dated as of August 14, 1998

11.1 Statement Regarding Computation of Per Share Earnings (See Note 3 to the Consolidated Financial Statements - "Net Income Per Unit")

* 21.1 Subsidiaries of the Registrant

* 27 Financial Data Schedule

____

* Filed herewith

** Filed as an exhibit to the Partnership's Annual Report on Form 10-K for the Year Ended December 31, 1996.

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on the 26 day of March, 1998.

GENESIS ENERGY, L.P.
(A Delaware Limited Partnership)

By: GENESIS ENERGY, L.L.C., as
General Partner

By: /s/ John P. vonBerg *

John P. vonBerg
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities and on the dates indicated.

/s/ John P. vonBerg * John P. vonBerg	Director, Chief Executive Officer and President (Principal Executive Officer)	March 26, 1999
/s/ Ross A. Benavides Ross A. Benavides	Chief Financial Officer (Principal Financial and Accounting Officer)	March 26, 1999
/s/ Thomas W. Jasper * Thomas W. Jasper	Chairman of the Board and Director	March 26, 1999
/s/ Michael A. Peak * Michael A. Peak	Director	March 26, 1999
/s/ Paul N. Howell * Paul N. Howell	Director	March 26, 1999
/s/ Robert T. Moffett * Robert T. Moffett	Director	March 26, 1999
/s/ Mark J. Gorman * Mark J. Gorman	Director, Chief Operating Officer and Executive Vice President	March 26, 1999

* By /s/ Ross A. Benavides

Ross A. Benavides
(Attorney-in-fact for persons indicated)

GENESIS ENERGY, L.P.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Genesis Energy, L.P.:

We have audited the accompanying consolidated balance sheets of Genesis Energy, L.P., (a Delaware limited partnership) as of December 31, 1998 and 1997 and the related consolidated statements of operations, cash flows and partners' capital for the years ended December 31, 1998 and 1997 and for the one month ended December 31, 1996. We have also audited the statements of operations, cash flows and divisional equity of the Predecessor (as defined in Note 1 to the consolidated financial statements) for the eleven months ended November 30, 1996. These financial statements are the responsibility of the Partnership's management and the Predecessor's management, respectively. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 Genesis Energy, L.P. as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the years ended December 31, 1998 and 1997 and for the one month ended December 31, 1996 and the results of the operations and the cash flows of the Predecessor for the eleven months ended November 30, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Houston, Texas
February 18, 1999

GENESIS ENERGY, L.P.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 1998	December 31, 1997
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,710	$ 11,812
Accounts receivable -		
Trade	167,600	209,869
Related party	4,634	-
Inventories	1,966	2,598
Other	3,306	3,488
Total current assets	185,216	227,767
FIXED ASSETS, at cost	119,310	109,537
Less: Accumulated depreciation	(20,707)	(16,464)
Net fixed assets	98,603	93,073
OTHER ASSETS, net of amortization	13,354	10,274
TOTAL ASSETS	$297,173	$331,114
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES		
Accounts payable -		
Trade	$172,143	$215,159
Related party	6,200	2,832
Accrued liabilities	5,171	6,547
Total current liabilities	183,514	224,538

LONG-TERM DEBT	15,800	-
COMMITMENTS AND CONTINGENCIES (Note 20)		
MINORITY INTERESTS	29,988	28,225
PARTNERS' CAPITAL		
Common unitholders, 8,625 units issued; 8,604 and 8,625 units outstanding at December 31, 1998 and 1997, respectively	66,832	76,783
General partner	1,357	1,568
Subtotal	68,189	78,351
Treasury units, 21 units at December 31, 1998	(318)	-
Total partners' capital	67,871	78,351
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$297,173	$331,114

The accompanying notes are an integral part of these consolidated financial statements.

<TABLE>

GENESIS ENERGY, L.P.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per unit amounts)

<CAPTION>

<S>	Year Ended December 31, 1998 <C>	Year Ended December 31, 1997 <C>	Year Ended December 31, 1996 (Pro forma) (Unaudited) <C>	One Month Ended December 31, 1996 <C>	Eleven Months Ended November 30, 1996 (Predecessor) <C>
REVENUES:					
Gathering and marketing revenues					
Unrelated parties	$2,178,224	$2,911,333	$3,101,632	$318,110	$2,194,156
Related parties	38,718	443,606	1,464,202	52,449	1,403,951
Pipeline revenues	16,533	17,989	16,780	1,426	-
Total revenues	2,233,475	3,372,928	4,582,614	371,985	3,598,107
COST OF SALES:					
Crude costs, unrelated parties	2,141,715	3,147,694	4,179,974	363,735	3,245,123
Crude costs, related parties	42,814	183,490	346,389	2,988	327,963
Field operating costs	12,778	12,107	15,092	1,290	6,744
Pipeline operating costs	7,971	6,016	4,978	463	-
Total cost of sales	2,205,278	3,349,307	4,546,433	368,476	3,579,830
GROSS MARGIN	28,197	23,621	36,181	3,509	18,277
EXPENSES:					
General and administrative	11,468	8,557	9,470	1,363	3,316
Depreciation and amortization	7,719	6,300	6,834	518	1,396
Nonrecurring charges	373	-	-	-	-
OPERATING INCOME	8,637	8,764	19,877	1,628	13,565
OTHER INCOME (EXPENSE):					
Interest, net	154	1,063	56	56	294
Other, net	28	21	(74)	-	(83)
Income before income taxes and minority interests	8,819	9,848	19,859	1,684	13,776
Income tax provision	-	-	-	-	5,167
Net income before minority interests	8,819	9,848	19,859	1,684	8,609
Minority interests	1,763	1,968	3,970	337	-
NET INCOME	$ 7,056	$ 7,880	$ 15,889	$ 1,347	$ 8,609

NET INCOME PER COMMON UNIT-BASIC AND DILUTED	$ 0.80	$ 0.90	$ 1.81	$ 0.15
	==========	==========	==========	========
WEIGHTED AVERAGE NUMBER OF COMMON UNITS OUTSTANDING	8,606	8,625	8,625	8,625
	==========	==========	==========	========

The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

<TABLE>

GENESIS ENERGY, L.P.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

<CAPTION>

	Year Ended December 31, 1998	Year Ended December 31, 1997	One Month Ended December 31, 1996	Eleven Months Ended November 30, 1996
	--------	---------	---------	---------
				(Predecessor)
<S>	<C>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	$ 7,056	$ 7,880	$ 1,347	$ 8,609
Adjustments to reconcile net income to net cash provided by (used in) operating activities -				
Depreciation	6,529	5,820	479	1,396
Amortization of intangible assets	1,190	480	39	-
Loss (gain) on disposal of assets	269	(21)	-	82
Minority interests equity in earnings	1,763	1,968	337	-
Other noncash charges	1,503	66	200	(12)
Changes in components of working capital -				
Accounts receivable	37,635	178,938	(384,681)	(133,676)
Inventories	1,384	1,257	(4,944)	2,763
Other current assets	182	(2,092)	(1,260)	(17)
Accounts payable	(39,648)	(172,761)	381,418	118,948
Accrued liabilities	(1,446)	(1,330)	6,218	(694)
	--------	---------	---------	---------
Net cash provided by (used in) operating activities	16,417	20,205	(847)	(2,601)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Additions to property and equipment	(13,431)	(5,848)	(106)	(1,100)
Increase in other assets	(4,270)	(162)	-	(1,203)
Purchase of operations of Howell	-	-	(74,021)	-
Proceeds from sales of assets	188	348	-	270
	--------	---------	---------	---------
Net cash used in investing activities	(17,513)	(5,662)	(74,127)	(2,033)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Borrowings under Loan Agreement	15,800	-	-	-
Distributions to common unitholders	(17,208)	(14,317)	-	-
Distributions to General Partner	(352)	(292)	-	-
Purchase of treasury units	(1,246)	-	-	-
General Partner contribution at formation	-	-	2,941	-
Net proceeds of public offering of Common Units	-	-	162,975	-
Distribution to Basis at formation	-	-	(86,985)	-
Net advances from Basis	-	-	-	4,634
Other		-	-	543 -
	--------	---------	---------	---------
Net cash (used in) provided by financing activities	(3,006)	(14,609)	79,474	4,634
	--------	---------	---------	---------
Net (decrease) increase in cash and cash equivalents	(4,102)	(66)	4,500	-
Cash and cash equivalents at beginning of period	11,812	11,878	7,378	-
	--------	---------	---------	---------
Cash and cash equivalents at end of period	$ 7,710	$ 11,812	$ 11,878	$ -
	========	=========	=========	=========

The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

<TABLE>

GENESIS ENERGY, L.P.
CONSOLIDATED STATEMENTS OF PARTNERS'
CAPITAL/DIVISIONAL EQUITY
(In thousands)

<CAPTION>

	Partners' Capital				
	Common Unitholders	General Partner	Treasury Units	Total	Divisional Equity
					(Predecessor)
<S>	<C>	<C>	<C>	<C>	<C>
Divisional equity at December 31, 1995					$(8,437)
Net income for eleven months ended November 30, 1996					8,609
Net advances from Basis					4,634
Divisional equity at November 30, 1996					$ 4,806
Initial capital based on issuance of partnership interests (see Note 1)	$ 82,058	$1,675	$ -	$ 83,733	
Net income for the one month ended December 31, 1996	1,320	27	-	1,347	
Partners' capital at December 31, 1996	83,378	1,702	-	85,080	
Net income for the year ended December 31, 1997	7,722	158	-	7,880	
Cash distributions for the year ended December 31, 1997	(14,317)	(292)	-	(14,609)	
Partners' capital at December 31, 1997	76,783	1,568	-	78,351	
Net income for the year ended December 31, 1998	6,915	141	-	7,056	
Cash distributions for the year ended December 31, 1998	(17,208)	(352)	-	(17,560)	
Purchase of treasury units	-	-	(1,246)	(1,246)	
Issuance of treasury units to Restricted Unit Plan participants	-	-	928	928	
Excess of expense over cost of treasury units issued for Restricted Unit Plan	342	-	-	342	
Partners' capital, December 31, 1998	$ 66,832	$1,357	$ (318)	$ 67,871	

The accompanying notes are an integral part of these consolidated financial statements.
</TABLE>

GENESIS ENERGY, L.P.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Formation and Offering

In December 1996, Genesis Energy, L.P. ("GELP") completed an initial public offering of 8.6 million Common Units at $20.625 per unit, representing limited partner interests in GELP of 98%. Genesis Energy, L.L.C. (the "General Partner") serves as general partner of GELP and its operating limited partnership, Genesis Crude Oil, L.P. Genesis Crude Oil, L.P. has two subsidiary limited partnerships, Genesis Pipeline Texas, L.P. and Genesis Pipeline USA, L.P. Genesis Crude Oil, L.P. and its subsidiary partnerships will be referred to collectively as GCOLP. The General Partner owns a 2% general partner interest in GELP.

Transactions at Formation

At the closing of the offering, GELP contributed the net proceeds of the offering ($163.0 million) to GCOLP in exchange for a 80.01% general partner interest in GCOLP. With the net proceeds of the offering, GCOLP purchased for $74.0 million a portion of the crude oil gathering, marketing and pipeline operations of Howell Corporation ("Howell") and made a distribution of $86.9 million to Basis Petroleum, Inc. ("Basis") in exchange for its conveyance of a portion of its crude oil gathering and marketing operations. GCOLP issued an aggregate of 2.2 million subordinated limited partner units ("Subordinated OLP

Units") to Basis and Howell to obtain the remaining operations. Basis' Subordinated OLP Units were transferred to its then parent, Salomon Smith Barney Holdings Inc. ("Salomon") in May 1997. The General Partner received an effective 2% general partner interest in GELP in exchange for a contribution of $2.9 million. The effects of these transactions, and the dilutive effect of differences in the consideration paid by the respective parties for their interests, have been reflected in the initial capital recorded by the Partnership.

The operations acquired from Basis are hereafter referred to as the "Predecessor". Unless the context otherwise requires, the term "the Partnership" hereafter refers to GELP, its operating limited partnership and the Predecessor.

At formation, Basis had the largest ownership interest in the Partnership, with an effective 10.58% limited partner interest in GCOLP and ownership of 54% of the General Partner; therefore, the net assets acquired from Basis were recorded at their historical carrying amounts and the crude oil gathering and marketing division of Basis were treated as the Predecessor and the acquirer of Howell's operations. The acquisition of Howell's operations was treated as a purchase for accounting purposes. See Note 6.

2. Basis of Presentation

The accompanying financial statements and related notes present the consolidated financial position as of December 31, 1998 and 1997 for GELP and its results of operations, cash flows and changes in partners' capital for the years ended December 31, 1998 and 1997 and the one month ended December 31, 1996, and the results of operations, cash flows and changes in divisional equity for the Predecessor for the eleven months ended November 30, 1996.

The accompanying financial statements of the Predecessor were prepared in connection with the public offering of limited partner interests in the Partnership. These financial statements include the accounts of the Predecessor, a division of Basis, which was a wholly-owned subsidiary of Salomon. Cash flows of the Predecessor not funded from operating activities were funded by Basis prior to the formation of the Partnership. Changes in divisional equity during the eleven months ended November 30, 1996, which are not attributable to net income of the Predecessor, represent net advances to or from Basis.

No provision for income taxes related to the operation of GELP is included in the accompanying consolidated financial statements, as such income will be taxable directly to the partners holding partnership interests in the Partnership. Federal income tax liabilities resulting from activities of the Predecessor and Howell prior to the closing of the offering were retained by Basis and Howell.

The unaudited pro forma Consolidated Statement of Operations for the year ended December 31, 1996 reflects certain pro forma adjustments to the historical results of operations of the Predecessor and Howell as if the

Partnership had
been formed on January 1, 1996. These pro forma adjustments reflect the inclusion of fees associated with the Master Credit Support Agreement, incremental fees related to execution of futures contracts on the New York Mercantile Exchange ("NYMEX") as a separate entity, and incremental general and administrative expenses and compensation costs for the operation of the Partnership as a separate public entity. The pro forma adjustments also include additional depreciation and amortization expense due to the increase in property and intangibles that resulted from applying the purchase method of accounting to the assets acquired from Howell. The pro forma adjustments eliminate net interest expense recorded by the Predecessor and Howell as the Partnership had no long-term debt as of the closing of the public offering. Income tax provisions have also been eliminated as the Partnership is not a taxable entity. The pro forma adjustments were made based upon available information and certain estimates and assumptions which management believes provide a reasonable basis for presentation.

3. Summary of Significant Accounting Policies

Principles of Consolidation

The Partnership owns and operates its assets through GCOLP, an operating limited partnership. The accompanying consolidated financial statements reflect the combined accounts of the Partnership and the operating partnership after elimination of intercompany transactions. All material intercompany accounts and transactions have been eliminated.

Nature of Operations

The principal business activities of the Partnership are the purchasing, gathering, transporting and marketing of crude oil in the United States. The Partnership gathers approximately 114,000 barrels per day at the wellhead principally in the southern and southwestern states. The Partnership also owns and operates three crude oil pipelines onshore. The onshore pipelines are in Texas, Mississippi/Louisiana and Florida/Alabama.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Partnership considers investments purchased with an original maturity of three months or less to be cash equivalents. Funds deposited with Salomon, as discussed in Note 13, are also considered cash equivalents. The Partnership has no requirement for compensating balances or restrictions on cash.

Inventories

Crude oil inventories held for sale are valued at market. Store warehouse inventories, including tractor and trailer parts, supplies and fuel, are carried at the lower of cost or market.

Fixed Assets

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the straight-line method over the respective estimated useful lives of the assets. Asset lives are 20 years for pipelines and related assets, 3 to 7 years for vehicles and transportation equipment, and 3 to 10 years for buildings, office equipment, furniture and fixtures and other equipment. 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. Certain volumes of crude oil are classified in fixed assets as they are necessary to ensure efficient and uninterrupted operations of the gathering businesses. These crude oil volumes were reclassified to fixed assets from inventories during 1998 and are carried at their weighted average cost.

Other Assets

Other assets consist primarily of intangibles and goodwill. Intangibles include a covenant not to compete, which is being amortized over five years. Goodwill represents the excess of purchase price over fair value of the net assets acquired for acquisitions accounted for as purchases and is being amortized over a period of 20 years.

Minority Interests

Minority interests represent the Subordinated OLP Units held by Salomon and Howell totaling 19.59% in GCOLP and the 0.4% interest the General Partner owns directly in GCOLP.

Environmental Liabilities

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

Income Taxes

The Predecessor was included, through Basis, in the consolidated federal and state income tax returns of Salomon. The Predecessor's federal and state income taxes were provided as if the Predecessor filed its income tax return separately from Basis. If there was taxable income, taxes were provided at the statutory rate reduced by allowable tax credits. If there was a taxable loss, a tax benefit was provided at the statutory rate without limitation of any loss deduction. The tax benefit was increased by tax credits to the extent the credits were utilized by Basis.

No provision for income taxes related to the operation of GELP is included in the accompanying consolidated financial statements, as such income will be taxable directly to the partners holding partnership interests in the Partnership.

Hedging Activities

The Partnership routinely utilizes forward contracts, swaps, options and futures contracts in an effort to minimize the impact of crude oil price fluctuations on inventories and contractual commitments. Gains and losses related to these hedging activities are deferred until the transaction being hedged has settled and its related profit or loss is recognized. Deferred gains and losses from hedging activities are included in the Consolidated Balance Sheets in accrued liabilities or accounts receivable, respectively. Recognized gains and losses from hedging activities are included in crude costs in the Consolidated Statements of Operations. Unrecognized (loss) gains of $(1,042,000) and $1,397,000 were deferred on these contracts at December 31, 1998 and 1997, respectively.

Based on the historical correlations between the NYMEX price for West Texas intermediate crude at Cushing, Oklahoma, and the various trading hubs at which the Partnership trades, the Partnership's management believes the hedging program has been effective in minimizing the overall price risk. The Partnership continuously monitors the basis (location) differentials between its various trading hubs and Cushing, Oklahoma, to further manage its exposure.

Should a hedging contract became ineffective or otherwise cease to serve as a hedge, the hedging instrument is accounted for under the mark-to-market method of accounting. Under this method, the contract is reflected at market value, and the resulting unrealized gains and losses are recognized currently in crude costs in the Consolidated Statements of Operations.

Revenue Recognition

Gathering and marketing revenues are recognized when title to the crude oil is transferred to the customer. Pipeline revenues are recognized upon delivery of the barrels to the location designated by the shipper.

Cost of Sales

Cost of sales consists of the cost of crude oil and field and pipeline operating expenses. Field and pipeline operating expenses consist primarily of labor costs for drivers and pipeline field personnel, truck rental costs, fuel and maintenance, utilities, insurance and property taxes.

Net Income Per Common Unit

Basic net income per Common Unit is calculated on the weighted average number of outstanding Common Units. The weighted average number of Common Units outstanding was 8,605,934 and 8,625,000 for the years ended December 31, 1998 and 1997, respectively, and 8,625,000 for the one-month ended December 31, 1996. For this purpose, the 2% General Partner interest is excluded from net income. Diluted net income per Common Unit did not differ from basic net income per Common Unit for any period presented.

Reclassifications

Certain reclassifications have been made to the prior year financial statements in order to conform to the current year presentation.

4. New Accounting Pronouncements

Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income", was issued in June 1997, with adoption required for fiscal years beginning after December 31, 1997. SFAS No. 130 requires the presentation of an additional income measure (termed "comprehensive income"), which adjusts traditional net income for certain items that previously were only reflected as direct adjustments to equity. The Partnership had no items of comprehensive income for any of the periods presented.

SFAS No. 131, "Disclosures About Segments of an Enterprise and Related Information", was issued in June 1997, establishing standards for the way that public business enterprises report information about operating segments and related information in interim and annual financial statements. The Partnership has evaluated and assessed the reporting criteria under SFAS No. 131 and has concluded that it operates as a single business segment based primarily on the Partnership's overall management approach.

In November 1998, the Emerging Issues Task Force (EITF) reached a consensus on EITF Issue 98-10, "Accounting for Energy Trading and Risk Management Activities". This consensus, effective in the first quarter of 1999, requires that certain energy related contracts be marked-to-market, with gains or losses recognized in current earnings. The Partnership is in the process of determining the extent to which its activities meet the definition in EITF Issue 98-10 of "trading" activities.

SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", was issued in June 1998. This new standard, which the Partnership will be required to adopt for its fiscal year 2000, will change the method of accounting for changes in the fair value of certain derivative instruments by requiring that an entity recognize the derivative at fair value as an asset or liability on its balance sheet. Depending on the purpose of the derivative and the item it is hedging, the changes in fair value of the derivative will be recognized in current earnings or as a component of other comprehensive income in partners' capital. The Partnership is in the process of evaluating the impact that this statement will have on its results of operations and financial position. This new standard could increase volatility in net income and comprehensive income.

5. Business Segment and Customer Information

As discussed in Note 4, based on its management approach, the Partnership believes that all of its material operations revolve around the gathering and marketing of crude oil, and it currently reports its operations, both internally and externally, as a single business segment. A significant portion of the Partnership's revenues in 1997 and earlier periods resulted from transactions with Basis and other Salomon affiliates. No other customer accounted for more than 10% of the Partnership's revenues in any period.

6. Acquisition of Howell

As discussed in Notes 1 and 2, GCOLP acquired the crude oil gathering, marketing and pipeline operations of Howell in December 1996. This acquisition was treated as a purchase for accounting purposes.

The results of operations of the assets acquired from Howell are included in the consolidated statement of operations of the Partnership for the one month ended December 31, 1996. The following unaudited pro forma information represents the consolidated pro forma amounts assuming the acquisition of Howell had occurred at the beginning of 1996 (in thousands, except per unit amounts).

	Year Ended December 31, 1996
Revenues	$4,582,614
Net income	$ 15,889
Net income per Common Unit-basic and diluted	$ 1.81

The above amounts are based upon certain assumptions and estimates which the Partnership believes are reasonable. The pro forma results do not necessarily represent results which would have occurred if the acquisition

had taken place
on the basis assumed above, nor are they necessarily indicative of the results of future combined operations.

7. Inventories

Inventories consisted of the following (in thousands).

	December 31, 1998	December 31, 1997
Crude oil inventories, at market	$1,644	$2,304
Store warehouse inventories, at lower of cost or market	322	294
Total inventories	$1,966	$2,598

The Partnership has reclassified balances previously described as minimum crude inventories from inventory to fixed assets to better reflect the true nature of the underlying asset. The volumes associated with this asset are not held for sale as they are required to be on hand to ensure the efficient and uninterrupted operation of the gathering activities.

8. Fixed Assets

Fixed assets consisted of the following (in thousands).

	December 31, 1998	December 31, 1997
Land and buildings	$ 3,489	$ 3,569
Pipelines and related assets	93,796	83,611
Vehicles and transportation equipment	8,006	8,211
Office equipment, furniture and fixtures	5,281	5,109
Other	8,738	9,037
	119,310	109,537
Less - Accumulated depreciation	(20,707)	(16,464)
Net fixed assets	$ 98,603	$ 93,073

Depreciation expense was $6,529,000 and $5,820,000 for the years ended December 31, 1998 and 1997, respectively, $479,000 for the one month ended December 31, 1996, and $1,396,000 for the eleven months ended November 30, 1996.

9. Other Assets

Other assets consisted of the following (in thousands).

	December 31, 1998	December 31, 1997
Goodwill	$ 9,401	$ 9,401
NYMEX seats	1,203	1,203
Covenant not to compete	4,393	155
Other	66	34
	15,063	10,793
Less - Accumulated amortization	(1,709)	(519)
Unamortized other assets	$13,354	$10,274

Amortization expense was $1,190,000 and $480,000 for the years ended December 31, 1998 and 1997, respectively, and $39,000 for the one month ended December 31, 1996. There was no amortization expense for the eleven months ended November 30, 1996.

10. Credit Resources and Liquidity

GCOLP entered into credit facilities with Salomon (collectively, the "Credit Facilities"), pursuant to a Master Credit Support Agreement. GCOLP's obligations under the Credit Facilities are secured by its receivables, inventories, general intangibles and cash.

Guaranty Facility

Salomon is providing a Guaranty Facility through December 31, 1999 in connection with the purchase, sale and exchange of crude oil by GCOLP. The aggregate amount of the Guaranty Facility is limited to $300 million for the year ending December 31, 1999 (to be reduced in each case by the amount of any obligation to a third party to the extent that such third party has a prior security interest in the collateral). GCOLP pays a guarantee fee to Salomon which will increase over the three-year period, thereby increasing the cost of the credit support provided to GCOLP under the Guaranty Facility. At December 31, 1998, the aggregate amount of obligations covered by guarantees was $152 million, including $89 million in payable obligations and $63 million of estimated crude oil purchase obligations for January 1999.

The Master Credit Support Agreement contains various restrictive and affirmative covenants including (i) restrictions on indebtedness other than (a) pre-existing indebtedness, (b) indebtedness pursuant to Hedging Agreements (as defined in the Master Credit Support Agreement) entered into in the ordinary course of business and (c) indebtedness incurred in the ordinary course of business by acquiring and holding receivables to be collected in accordance with customary trade terms, (ii) restrictions on certain liens, investments, guarantees, loans, advances, lines of business, acquisitions, mergers, consolidations and sales of assets and (iii) compliance with certain risk management policies, audit and receivable risk exposure practices and cash management practices as may from time to time be revised or altered by Salomon in its sole discretion.

Pursuant to the Master Credit Support Agreement, GCOLP is required to maintain (a) Consolidated Tangible Net Worth of not less than $50 million, (b) Consolidated Working Capital of not less than $1 million, (c) a ratio of its Consolidated Current Liabilities to Consolidated Working Capital plus net property, plant and equipment of not more than 7.5 to 1, (d) a ratio of Consolidated Earnings before Interest, Taxes, Depreciation and Amortization to Consolidated Fixed Charges of at least 1.75 to 1 as of the last day of each fiscal quarter prior to December 31, 1999 and (e) a ratio of Consolidated Total Liabilities to Consolidated Tangible Net Worth of not more than 10.0 to 1 (as such terms are defined in the Master Credit Support Agreement).

An Event of Default could result in the termination of the Credit Facilities at the discretion of Salomon. Significant Events of Default include (a) a default in the payment of (i) any principal on any payment obligation under the Credit Facilities when due or (ii) interest or fees or other amounts within two business days of the due date, (b) the guaranty exposure amount exceeding the maximum credit support amount for two consecutive calendar months, (c) failure to perform or otherwise comply with any covenants contained in the Master Credit Support Agreement if such failure continues unremedied for a period of 30 days after written notice thereof and (d) a material misrepresentation in connection with any loan, letter of credit or guarantee issued under the Credit Facilities. Removal of the General Partner will result in the termination of the Credit Facilities and the release of all of Salomon's obligations thereunder.

There can be no assurance of the availability or the terms of credit for the Partnership. At this time, Salomon does not intend to provide guarantees or other credit support after the three-year credit support period expires in December 1999. If the General Partner is removed without its consent, Salomon's credit support obligations will terminate. In addition, Salomon's obligations under the Master Credit Support Agreement may be transferred or terminated early subject to certain conditions. Management of the Partnership intends to replace the Guaranty Facility with a letter of credit facility with one or more third party lenders prior to December 1999 and has had preliminary discussions with banks about a replacement letter of credit facility. The General Partner may be required to reduce or restrict the Partnership's gathering and marketing activities because of limitations on its ability to obtain credit support and financing for its working capital needs. The General Partner expects that the overall cost of a replacement facility may be substantially greater than what the Partnership is incurring under its existing Master Credit Support Agreement. Any significant decrease in the Partnership's financial strength, regardless of the reason for such decrease, may increase the number of transactions requiring letters of credit or other financial support, make it more difficult for the Partnership to obtain such letters of credit, and/or may increase the cost of obtaining them. This situation could in turn adversely affect the Partnership's ability to maintain or increase the level of its purchasing and marketing activities or otherwise adversely affect the Partnership's profitability and Available Cash.

Working Capital Facility

Until replaced as described below, Salomon provided GCOLP with a Working Capital Facility of up to $50 million, which amount included direct cash advances not to exceed $35 million outstanding at any one time and letters of credit that may be required in the ordinary course of GCOLP's business.

In August 1998, GCOLP entered into a revolving credit/loan agreement ("Loan Agreement") with Bank One, Texas, N.A. ("Bank One") to replace the Working Capital Facility that had been provided by Salomon. The Loan Agreement provides for loans or letters of credit in the aggregate not to exceed the greater of $35 million or the Borrowing Base (as defined in the Loan Agreement). Loans will bear interest at a rate chosen by GCOLP which would be one or more of the following: (a) a Floating Base Rate (as defined in the Loan Agreement) that is generally the prevailing prime rate less one percent; (b) a rate based on the Federal Funds Rate plus one and one-half percent or (c) a rate based on LIBOR plus one and one-quarter percent. The Loan Agreement provides for a revolving period until August 14, 2000, with interest to be paid monthly. All loans outstanding on August 14, 2000, are due at that time.

The Loan Agreement is collateralized by the accounts receivable and inventory of GCOLP, subject to the terms of an Intercreditor Agreement between Bank One and Salomon. There is no compensating balance requirement under the Loan Agreement. A commitment fee of 0.35% on the available portion of the commitment is provided for in the agreement. Material covenants and restrictions include requirements to maintain a ratio of current assets (as defined in the Loan Agreement) to current liabilities of at least 1:1 and to maintain tangible net worth in GCOLP, as defined in the Loan Agreement, of not less than $65 million.

At December 31, 1998, the Partnership had $15.8 million of loans outstanding under the Loan Agreement. The Partnership had no letters of credit outstanding at December 31, 1998. At December 31, 1998, $19.2 million was available to be borrowed under the Loan Agreement.

Distributions

Generally, GCOLP will distribute 100% of its Available Cash within 45 days after the end of each quarter to Unitholders of record and to the General Partner. Available Cash consists generally of all of the cash receipts less cash disbursements of GCOLP adjusted for net changes to reserves. (A full definition of Available Cash is set forth in the Partnership Agreement.) Distributions of Available Cash to the holders of Subordinated OLP Units are subject to the prior rights of holders of Common Units to receive the minimum quarterly distribution ("MQD") for each quarter during the subordination period (which will not end earlier than December 31, 2001) and to receive any arrearages in the distribution of the MQD on the Common Units for prior quarters during the subordination period. MQD is $0.50 per unit.

Salomon has committed, subject to certain limitations, to provide total cash distribution support, with respect to quarters ending on or before December 31, 2001, in an amount up to an aggregate of $17.6 million in exchange for Additional Partnership Interests ("APIs"). Salomon's obligation to purchase APIs will end no later than December 31, 2001, with the actual termination subject to the levels of distributions that have been made prior to the termination date. Any APIs purchased by Salomon are not entitled to cash distributions or voting rights. The APIs will be redeemed if and to the extent that Available Cash for any future quarter exceeds an amount necessary to distribute the MQD on all Common Units and Subordinated OLP Units and to eliminate any arrearages in the MQD on Common Units for prior periods. At December 31, 1998, no APIs have been purchased by Salomon pursuant to the distribution support commitment. As a result of poor domestic crude oil market conditions, the General Partner may have to draw on the cash distribution support form Salomon during 1999.

In addition, the Partnership Agreement authorizes the General Partner to cause GCOLP to issue additional limited partner interests and other equity securities, the proceeds from which could be used to provide additional funds for acquisitions or other GCOLP needs.

11. Partnership Equity

Partnership equity in GELP consists of the general partner interest of 2% and 8.6 million Common Units representing limited partner interests of 98%. The Common Units were sold to the public in an initial public offering in December 1996. The general partner interest is held by the General Partner.

GELP has an approximate 80.01% general partner interest in GCOLP. The remainder of GCOLP is held by Salomon, Howell and the General Partner. These interests, reflected in the consolidated financial statements as minority interests, are as follows.

	Interest in GCOLP
Subordinated limited partner interest held by:	
Salomon	10.58%
Howell	9.01
General partner interest in GCOLP held by the General Partner	0.40
Total minority interests	19.99%

The Partnership will be managed by the General Partner. Common Units will receive distributions in liquidation in preference to Subordinated OLP Units. See Note 8 for a discussion regarding distributions.

Conversion of Subordinated OLP Units

There is no established public market for the Subordinated OLP Units. The Subordinated OLP Units will convert into common units of GCOLP ("Common OLP Units") upon the expiration of the subordination period. The subordination period will not end prior to December 31, 2001 and will only end thereafter if GCOLP satisfies certain cash distribution and earnings tests. Subordinated OLP Units that have converted into Common OLP Units will share equally in distributions of Available Cash with the Common Units.

Once the Subordinated OLP Units have converted into Common OLP Units, Salomon or Howell may request that these units be redeemed. At such time, pursuant to a Redemption and Registration Rights Agreement, GELP will use its reasonable best efforts to sell the number of Common Units equal to the number of Common OLP Units in GCOLP that are to be redeemed. The proceeds, net of underwriting discount or placement fees from such sale, will be contributed to GCOLP and used to redeem such Common OLP Units. GELP is obligated to pay the expenses incidental to redemption requests, other than underwriting discount or placement fees. The General Partner will have a proportionate percentage of its general partner interest in GCOLP redeemed when Common OLP Units are redeemed in connection with the exercise of the redemption right.

12. Nonrecurring Charge

In the second quarter of 1998, the Partnership shut-in its Main Pass pipeline. A charge of $373,000 was recorded, consisting of $109,000 of costs related to the shut-in and a non-cash write-down of the asset of $264,000.

13. Transactions with Related Parties

Sales, purchases and other transactions with affiliated companies, except the guarantee fees paid to Salomon, in the opinion of management, are conducted under terms no more or less favorable than those conducted with unaffiliated parties. Basis was a wholly-owned subsidiary of Salomon until May 1, 1997, when Basis was sold to Valero Energy Corporation. Basis transferred its 54% interest in the general partner and its approximately 1.2 million Subordinated OLP Units to Salomon in conjunction with the sale of Basis.

Sales and Purchases of Crude Oil

A summary of sales to and purchases from related parties of crude oil is as follows (in thousands).
<TABLE>
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<S>	Year Ended December 31, 1998	Year Ended December 31, 1997	One Month Ended December 31, 1996	Eleven Months Ended November 30, 1996 (Predecessor)
Sales to affiliates	$38,718	$443,606	$52,449	$1,403,951
Purchases from affiliates	$42,814	$183,490	$ 2,988	$ 327,963

</TABLE>

Clearing of Commodities Futures Transactions

The Partnership cleared a portion of its commodity futures transactions on the NYMEX through Basis Clearing, Inc., a wholly-owned subsidiary of Basis. In April 1997, Basis Clearing, Inc. ceased its clearing activities for the Partnership. The Partnership paid commissions to Basis Clearing, Inc. of $29,000.

The Predecessor cleared its NYMEX transactions through Basis Clearing, Inc. and Phibro Energy Clearing, Inc., a wholly-owned subsidiary of Phibro Inc., a wholly-owned subsidiary of Salomon. The Predecessor paid commissions to these entities of $645,000 for the eleven months ended November 30, 1996.

General and Administrative Services

The Partnership does not directly employ any persons to manage or operate its business. Those functions are provided by the General Partner. The Partnership reimburses the General Partner for all direct and indirect costs of these services. Total costs reimbursed to the General Partner by the Partnership were $15,428,000 and $14,973,000 for the years ended December 31, 1998 and 1997, respectively, and $703,000 for the one month ended December 31, 1996.

The Partnership entered into a Corporate Services Agreement with Basis pursuant to which Basis, directly or through its affiliates, provided certain administrative and support services for the benefit of the Partnership. Such services included human resources, tax, accounting, data processing, NYMEX transaction clearing and other similar administrative services. The Partnership no longer receives any services under the Corporate Services Agreement. Charges by Basis under the Corporate Services Agreement during the period in 1997 that Basis was a related party to the Partnership were approximately $100,000 per month. Charges by Basis under the Corporate Services Agreement were $120,000 for the one month ended December 31, 1996.

For the one month ended December 31, 1996, those persons who managed and operated the Partnership were employees of Basis or Howell, providing services to the General Partner under a transition services agreement. The total amount paid for the services and the related benefit costs were $344,000 to Basis and $359,000 to Howell.

Basis allocated certain general and administrative costs to the Predecessor for ancillary services, insurance and office space. These costs amounted to approximately $1,100,000 for the eleven months ended November 30, 1996.

Treasury Services

The Partnership entered into a Treasury Management Agreement with Basis. Effective May 1, 1997, Salomon replaced Basis as a party to the Treasury Management Agreement. Under the Treasury Management Agreement, the Partnership invests excess cash with Salomon and earns interest at market rates. At December 31, 1998 and 1997, the Partnership had $9.0 million and $14.0 million in funds, respectively, deposited with Salomon under the Treasury Management Agreement. Such amounts have been classified in the consolidated balance sheets as cash and cash equivalents. For the years ended December 31, 1998 and 1997, the Partnership earned interest of $288,000 and $833,000, respectively, on the investments with Salomon. For the one month ended December 31, 1996, the Partnership earned interest of $52,000 on these loans by the Partnership to Basis.

Credit Facilities

As discussed in Note 8, Salomon provides Credit Facilities to the Partnership. For the years ended December 31, 1998 and 1997 and the one month ended December 31, 1996, the Partnership paid Salomon $578,000, $730,000 and $102,000, respectively, for guarantee fees under the Credit Facilities. The Partnership paid Salomon $18,000 for interest under the Credit Facilities during 1998. The Partnership paid Basis $85,000 for interest under the Credit Facilities during 1997.

14. Supplemental Cash Flow Information

Cash received by the Partnership for interest for the years ended December 31, 1998 and 1997 was $422,000 and $1,139,000, respectively. Payments of interest were $274,000 and $122,000 for the year ended December 31, 1998 and 1997, respectively.

Cash received by the Predecessor for imputed interest was $299,000 for the eleven months ended November 30, 1996.

Cash paid for state income taxes and the imputed cash payments made by the Predecessor for federal income taxes totaled $6,030,000 during the eleven months ended November 30, 1996 related to 1995.

15. Employee Benefit Plans

The Partnership does not directly employ any of the persons responsible for managing or operating the Partnership. Beginning January 1, 1997, employees of the General Partner provide those services and are covered by various retirement and other benefit plans. The General Partner's employees participated in the plans of Basis in 1997. Beginning in 1998, the General Partner maintained its own plans.

In order to encourage long-term savings and to provide additional funds for retirement to its employees, the General Partner sponsors a profit-sharing and retirement savings plan. Under this plan, the General Partner's matching contribution is calculated as the lesser of 50% of each employee's annual pretax contribution or 3% of each employee's total compensation. The General Partner also made a profit-sharing contribution of at least 3% of each eligible employee's total compensation. The General Partner's costs relating to this plan were $619,000 and $474,000 for the years ended December 31, 1998 and 1997, respectively. The Predecessor's costs relating to this plan were $267,000 for the eleven months ended November 30, 1996.

The General Partner also provided certain health care and survivor benefits for its active employees. In 1998, these plans were fully-insured. In 1997 and 1996, these benefit programs were self-insured. In 1999, these plans will be self-insured. The expenses of the General Partner for these benefits were $1,338,000, $1,731,000 and $200,000 in 1998, 1997 and for the one month ended December 31, 1996, respectively. Expenses allocated to the Predecessor for these benefits were $369,000 for the eleven months ended November 30, 1996.

The General Partner also adopted two new plans in January 1997 and amended these plans in January 1998. These plans are a restricted unit plan ("Restricted Unit Plan") for key employees of the General Partner and the Genesis Incentive Compensation Plan ("Incentive Plan").

Restricted Unit Plan

In January 1997, the General Partner adopted a restricted unit plan for key employees of the General Partner that provided for the award of rights to receive Common Units under certain restrictions, including meeting thresholds tied to Available Cash and Adjusted Operating Surplus. Initially, rights to receive 291,000 Common Units were available under the restricted unit plan with rights to receive 194,000 Common Units allocated to approximately 30 individuals. The restricted units would vest upon the conversion of Subordinated OLP Units to Common OLP Units. In the event of early conversion of a portion of the Subordinated OLP Units into Common OLP Units, the restricted units would vest in the same proportion. The Partnership recorded no compensation expense related to the restricted unit plan in 1997 due to uncertainty as to whether the necessary vesting conditions would be met. Likewise, the restricted units were not considered in diluted net income per common unit in 1997 as none of the vesting conditions had been met in any period.

In January 1998, the restricted unit plan was amended and restated, and the thresholds tied to Available Cash and Adjusted Operating Surplus were eliminated. The discussion that follows is based on the terms of the Amended and Restated Restricted Unit Plan (the "Restricted Unit Plan"). Initially, rights to receive 291,000 Common Units are available under the Restricted Unit Plan. From these Units, rights to receive 240,000 Common Units (the "Restricted Units") have been allocated to approximately 32 individuals, subject to the vesting conditions described below and subject to other customary terms and conditions. The remaining rights to receive 51,000 Common Units initially available under the Restricted Unit Plan may be allocated or issued in the future to key employees on such terms and conditions (including vesting conditions) as the Compensation Committee of the General Partner ("Compensation Committee") shall determine.

Upon "vesting" in accordance with the terms and conditions of the Restricted Unit Plan, Common Units allocated to a plan participant will be issued to such participant. Units issued to participants may be newly issued Units acquired by the General Partner from the Partnership at then prevailing market prices or may be acquired by the General Partner in the open market. In 1998, one-third of the Restricted Units allocated to each individual vested and the units issued were acquired on the open market. In either case, the associated expense will be borne by the Partnership. Until Common Units have vested and have been issued to a participant, such participant shall not be entitled to any distributions or allocations of income or loss and shall not have any voting or other rights in respect of such Common Units. The participant shall receive cash awards based on the number of non-vested units held by such participant to the extent that distributions are paid on Subordinated OLP Units. To date, no distributions have been paid with respect to Subordinated OLP Units. No consideration will be payable by the

participants in the Restricted Unit Plan upon vesting and issuance of the Common Units. Additionally, the participant cannot sell the Common Units until one year after the date of vesting.

Termination without cause in violation of a written employment agreement, or a Significant Event as defined in the Restricted Unit Plan, will result in immediate vesting of all non-vested units and conversion to Common Units without any restrictions.

In 1998, the Partnership recorded expense of $1,617,000 related to the Restricted Units.

Incentive Plan

The Incentive Plan is designed to enhance the financial performance of the Partnership by rewarding the executive officers and other specific key employees for achieving annual financial performance objectives. The Incentive Plan will be administered by the Compensation Committee. Individual participants and payments, if any, for each calendar year will be determined by and in the discretion of the Compensation Committee. No incentive payment will be made with respect to any year unless (i) the aggregate MQD in the Incentive Plan year has been distributed to each holder of Common Units, plus any arrearage thereon, (ii) the Adjusted Operating Surplus generated during such year has equaled or exceeded the sum of the MQD on all of the outstanding Common Units and the related distribution on the General Partner's interest during such year and (iii) no APIs are outstanding. In addition, incentive payments will not exceed $375,000 with respect to any year unless (i) each holder of Subordinated OLP Units has also received the aggregate MQD and (ii) the Adjusted Operating Surplus generated during such year exceed the sum of the MQD on all of the outstanding Common Units and Subordinated OLP Units and the related distribution on the General Partner's interest during such year. Any incentive payments will be at the discretion of the Compensation Committee, and the General Partner will be able to amend or change the Incentive Plan at any time. No incentive payments have been made under the Incentive Plan, although the Compensation Committee has awarded performance bonuses.

16. Income Taxes

The components of the provision for income taxes for the Predecessor are as follows (in thousands).

	November 30, 1996
Current -	
Federal	$4,656
State	523
Total current	5,179
Deferred -	
Federal	(12)
Total deferred	(12)
Total provision	$5,167

A reconciliation of income taxes computed at the federal statutory rate to income taxes computed at the Predecessor's effective tax rate is as follows (in thousands).

	November 30, 1996
Provision for income taxes at the statutory rate	$4,822
State taxes, net of federal tax benefit	340
Other	5
Provision for income taxes	$5,167

Net operating loss carryforwards have not been utilized as a reduction against the Predecessor's future tax liability. Rather, as the losses were utilized on the consolidated tax return, the benefit has been reflected as a contribution from Basis in the Predecessor's equity in the year of benefit.

17. Market Risk

The Partnership's market risk in the purchase and sale of its crude oil contracts is the potential loss that can be caused by a change in the market value of the asset or commitment. In order to hedge its exposure to such market fluctuations, the Partnership enters into various financial contracts, including futures, options and swaps.

Normally, any contracts used to hedge market risk are less than one year in duration. Changes in the market value of these transactions are deferred until the gain or loss is recognized on the hedged transaction, at which time such gains and losses are recognized through crude costs.

18. Concentration and Credit Risk

The Partnership derives its revenues from customers primarily in the crude oil industry. This industry concentration has the potential to impact the Partnership's overall exposure to credit risk, either positively or negatively, in that the Partnership's customers could be affected by similar changes in economic, industry or other conditions. However, the Partnership believes that the credit risk posed by this industry concentration is offset by the creditworthiness of the Partnership's customer base. The Partnership's portfolio of accounts receivable is comprised primarily of major international corporate entities with stable payment experience. The credit risk related to contracts which are traded on the New York Mercantile Exchange (NYMEX) is limited due to the daily cash settlement procedures and other NYMEX requirements.

The Partnership has established various procedures to manage its credit exposure, including initial credit approvals, credit limits, collateral requirements and rights of offset. Letters of credit, prepayments and guarantees are also utilized to limit credit risk to ensure that management's established credit criteria are met.

19. Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities in the Consolidated Balance Sheets approximated fair value due to the short maturity of these instruments. Additionally, the carrying value of the long-term debt approximated fair value due to its floating rate of interest.

Estimated fair values of option contracts used as hedges and the net gains and losses, both recognized and deferred, arising from hedging activities at December 31, 1998, 1997 and 1996 are as follows (in thousands).

<TABLE>
<CAPTION>

	1998			1997			1996		
	Carrying Amount	Fair Value	Net Gains (Losses)	Carrying Amount	Fair Value	Net Gains (Losses)	Carrying Amount	Fair Value	Net Gains (Losses)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Option contracts written	$ -	$ -	$ -	$1,356	$803	$553	$ -	$ -	$ -

</TABLE>

Quoted market prices are used in determining the fair value of the option contracts. If quoted prices are not available, fair values are estimated on the basis of pricing models or quoted prices for contracts with similar characteristics. Judgment is required in interpreting market data and the use of different market assumptions or estimation methodologies may affect the estimated fair value amounts.

20. Commitments and Contingencies

The Partnership uses surface, vehicle and office leases in the course of its business operations. The Partnership also leases a segment of pipeline and four tanks for use in its pipeline operations. The future minimum rental payments under all noncancelable operating leases as of December 31, 1998, were as follows (in thousands).

1999	$1,152
2000	687
2001	670
2002	670
2003	459
2004 and thereafter	863
Total minimum lease obligations	$4,501

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

Year ended December 31, 1998	$1,921
Year ended December 31, 1997	$1,060
One month ended December 31, 1996	$ 133
Eleven months ended November 30, 1996	$ 522

The Partnership has contractual commitments (primarily forward contracts) arising in the ordinary course of business. At December 31, 1998, the Partnership had commitments to purchase 19,840,000 barrels of crude oil at fixed prices ranging from $9.60 to $17.46 per barrel extending to February 2000, and commitments to sell 19,893,000 barrels of crude oil at fixed prices ranging from $9.65 to $20.25 per barrel extending to January 2000. Additionally, the Partnership had commitments to purchase 15,610,000 barrels of crude oil extending to December 1999, and commitments to sell 14,427,000 barrels of crude oil extending to October 1999, associated with market-price related contracts.

The Partnership is subject to various environmental laws and regulations. Policies and procedures are in place to monitor compliance. The Partnership's management has made an assessment of its potential environmental exposure and determined that such exposure is not material to its consolidated financial position, results of operations or cash flows. As part of the formation of the Partnership, Basis and Howell agreed to be responsible for certain environmental conditions related to their ownership and operation of their respective assets contributed to the Partnership and for any environmental liabilities which Basis or Howell may have assumed from prior owners of these assets.

The Partnership is subject to lawsuits in the normal course of business and examinations by tax and other regulatory authorities. Such matters presently pending are not expected to have a material adverse effect on the financial position, results of operations or cash flows of the Partnership.

As part of the formation of the Partnership, Basis and Howell agreed to each retain liability and responsibility for the defense of any future lawsuits arising out of activities conducted by Basis and Howell prior to the formation of the Partnership and have also agreed to cooperate in the defense of such lawsuits.

EXHIBIT 10.21

AMENDMENT NO. 2 TO LOAN AGREEMENT

THIS AMENDMENT NO. 2 TO LOAN AGREEMENT ("Amendment No. 2") made and entered into as of the 31st day of December, 1998, by and between GENESIS CRUDE OIL, L.P. ("Borrower") with offices and place of business at 500 Dallas, Houston, Texas 77002 and BANK ONE, TEXAS, N.A., a national banking corporation, with offices at 910 Travis, Houston, Texas 77002 ("Lender").

WHEREAS, Borrower and Lender entered into that certain Loan Agreement dated as of August 14, 1998, as amended (the "Loan Agreement"); and

WHEREAS, Borrower and Lender wish to amend certain terms of the Loan Agreement as provided for herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, Borrower and Lender agree as follows:

Section 1. Amendment to Loan Agreement

1.1 The definitions of "Base Inventory" and "Base Inventory Value" are hereby added to Section 1.2 of the Loan Agreement and read as follows.

"(4A) "Base Inventory" means those quantities of crude oil owned by Borrower and located in the United States that are reflected in Property and Equipment on the Borrower's balance sheet."

"(4B) "Base Inventory Value" means Base Inventory valued at the lesser of (i) the cost of such inventory to Borrower and (ii) the fair market value of such inventory as of the relevant Reporting Date."

1.2 The definition of "Current Ratio" is hereby amended to read as follows.

"(18) "Current Ratio" shall mean current assets plus Base Inventory Value, divided by current liabilities, excluding amounts owed pursuant to the Revolving Line of Credit."

1.3 The definition of "Eligible Inventory" is hereby amended to read as follows.

"(22A) "Eligible Inventory" means all crude oil owned by Borrower and located in the United States that is held or designated for sale to third parties, valued for purposes of each Borrowing Base Report at the lesser of (i) the cost of such inventory to Borrower and (ii) the fair market value of such inventory as of the relevant Reporting Date. Eligible Inventory includes Base Inventory Value."

Section 2. Representations and Warranties

The Borrower represents and warrants to the Lender that:

2.1 All of the representations and warranties set forth in the Loan Agreement are true and correct as of the date of this Amendment No. 2 as if made on the date hereof, and the Borrower is as of the date hereof in compliance with all of the affirmative and negative covenants in the Loan Agreement, as amended by this Amendment No. 2.

2.2 The Borrower is duly authorized and empowered to create and issue and to execute and deliver each of the documents listed in Section 3.1 hereof (the "Amendment Documents"), and all other instruments referred to or mentioned herein to which Borrower is a party, and all corporate action requisite for the due creation, issuance, execution and delivery of the Amendment Documents has been duly and effectively taken. The Amendment Documents to which Borrower is a party when executed and delivered will be valid and binding obligations of the Borrower enforceable in accordance with their terms (subject to any applicable bankruptcy, insolvency or other laws generally affecting the enforcement of creditors' rights and to the extent specific remedies may be limited by equitable principles). The Amendment Documents do not violate any provisions of the Borrower's corporate charter or bylaws, or any contract, agreement, law or regulation to which the Borrower is subject, and the same do not require the consent or approval of any regulatory authority or governmental body of the United States or any state.

Section 3. Conditions Precedent

3.1 It is a condition precedent to the execution and performance by Lender of this Amendment No. 1, that the Lender shall have received copies of the following closing documentation, all in form and substance satisfactory to Lender and executed by the Borrower where necessary.

(1) This Amendment No. 2;

(2) The Notice of Final Agreement; and
(3) Such other documentation as Lender may require.

Section 4. Sundry Provisions

4.1 This Amendment No. 2 shall be deemed to be a contract made under and shall be construed in accordance with and governed by the laws of the state of Texas.

4.2 All terms and provisions of the Loan Agreement not specifically amended hereby shall remain in full force and effect.

4.3 All capitalized terms not otherwise defined herein shall have the meaning given them in the Loan Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed in multiple counterparts, each of which is an original instrument for all purposes, all as of the day and year first above written.

GENESIS CRUDE OIL, L.P.

By: Genesis Energy, L.L.C., its General Partner

By: /s/ Ross A. Benavides

Ross A. Benavides
Chief Financial Officer

BANK ONE, TEXAS, N.A.

By: /s/ Kenneth J. Fatur

Kenneth J. Fatur
Vice President

EXHIBIT 21.1

GENESIS ENERGY, L.P.
Subsidiaries of the Registrant

Genesis Crude Oil, L.P. - Delaware limited partnership (80.01% general partner interest owned by Genesis Energy, L.P.)

Genesis Pipeline Texas, L.P. - Delaware limited partnership (100% limited partner interest owned by Genesis Crude Oil, L.P.)

Genesis Pipeline USA, L.P. - Delaware limited partnership (100% limited partner interest owned by Genesis Crude Oil, L.P.)

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THIS SCHEDULE CONTAINS FINANCIAL INFORMATION EXTRACTED FROM THE ANNUAL REPORT ON FORM 10-K OF GENESIS ENERGY, L.P. AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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<TOTAL-ASSETS>	297,173
<CURRENT-LIABILITIES>	183,514
<BONDS>	15,800
<PREFERRED-MANDATORY>	0
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<OTHER-SE>	0
<TOTAL-LIABILITY-AND-EQUITY>	297,173<F2>
<SALES>	2,216,942
<TOTAL-REVENUES>	2,233,475
<CGS>	2,184,529
<TOTAL-COSTS>	2,212,997<F3>
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	0
<INCOME-PRETAX>	8,819
<INCOME-TAX>	0
<INCOME-CONTINUING>	7,056<F4>
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	7,056
<EPS-PRIMARY>	0<F5>
<EPS-DILUTED>	0<F6>

<FN>
<F1>GENESIS ENERGY, L.P. IS A MASTER LIMITED PARTNERSHIP AND THEREFORE HAS NO COMMON STOCK OUTSTANDING.

<F2>GENESIS ENERGY, L.P. IS A MASTER LIMITED PARTNERSHIP. ITS BALANCE SHEET INCLUDES MINORITY INTERESTS IN ITS SUBSIDIARY, GENESIS CRUDE OIL, L.P. OF $29,988 AND PARTNERS' CAPITAL CONSISTING OF THE CAPITAL OF THE COMMON UNITHOLDERS OF $66,832, THE CAPITAL OF THE GENERAL PARTNER OF $1,357 AND TREASURY UNITS OF $318.
<F3>TOTAL COSTS INCLUDES DEPRECIATION AND AMORTIZATION OF $7,719.
<F4>THE MINORITY INTERESTS IN NET INCOME OF GENESIS ENERGY, L.P. IS $1,763.
<F5>BASIC NET INCOME PER COMMON UNIT IS $0.80.
<F6>DILUTED NET INCOME PER COMMON UNIT IS $0.80.
</FN>

</TABLE>