GENESIS ENERGY LP
Form 10-Q
May 04, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2016
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.)
919 Milam, Suite 2100, Houston, TX	77002
(Address of principal executive offices)	(Zip code)

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

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 ý No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.
Large accelerated filer x Accelerated filer ¨ Non-accelerated filer ¨ Smaller reporting company ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2) of the Exchange Act). Yes ¨ No ý
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. There were 109,939,221 Class A Common Units and 39,997 Class B Common Units outstanding as of May 4, 2016.

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PART I. FINANCIAL INFORMATION
Item 1. Financial Statements
GENESIS ENERGY, L.P.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except units)

	March 31, 2016	December 31, 2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$12,311	$10,895
Accounts receivable - trade, net	214,111	219,532
Inventories	63,590	43,775
Other	36,359	32,114
Total current assets	326,371	306,316
FIXED ASSETS, at cost	4,476,649	4,310,226
Less: Accumulated depreciation	(416,425)	(378,247)
Net fixed assets	4,060,224	3,931,979
NET INVESTMENT IN DIRECT FINANCING LEASES, net of unearned income	138,073	139,728
EQUITY INVESTEES	438,700	474,392
INTANGIBLE ASSETS, net of amortization	220,786	223,446
GOODWILL	325,046	325,046
OTHER ASSETS, net of amortization	60,174	58,692
TOTAL ASSETS	$5,569,374	$5,459,599
LIABILITIES AND PARTNERS' CAPITAL		
CURRENT LIABILITIES:		
Accounts payable - trade	$115,702	$140,726
Accrued liabilities	141,672	161,410
Total current liabilities	257,374	302,136
SENIOR SECURED CREDIT FACILITY	1,280,000	1,115,000
SENIOR UNSECURED NOTES	1,808,575	1,807,054
DEFERRED TAX LIABILITIES	23,286	22,586
OTHER LONG-TERM LIABILITIES	216,298	192,072
COMMITMENTS AND CONTINGENCIES (Note 15)		
PARTNERS' CAPITAL:		
Common unitholders, 109,979,218 units issued and outstanding at March 31, 2016 and December 31, 2015, respectively	1,992,317	2,029,101
Noncontrolling interests	(8,476)	(8,350)
Total partners' capital	1,983,841	2,020,751
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$5,569,374	$5,459,599

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31, 2016	2015
REVENUES:		
Offshore pipeline transportation services	76,126	790
Onshore pipeline transportation services	18,151	19,068
Refinery services	42,536	46,124
Marine transportation	52,036	57,371
Supply and logistics	189,565	403,504
Total revenues	378,414	526,857
COSTS AND EXPENSES:		
Supply and logistics product costs	162,393	370,918
Supply and logistics operating costs	18,640	25,239
Marine transportation operating costs	33,022	31,594
Refinery services operating costs	20,985	27,027
Offshore pipeline transportation operating costs	17,934	243
Onshore pipeline transportation operating costs	6,736	6,671
General and administrative	12,221	13,221
Depreciation and amortization	46,635	27,125
Total costs and expenses	318,566	502,038
OPERATING INCOME	59,848	24,819
Equity in earnings of equity investees	10,717	15,519
Interest expense	(34,387)	(19,215)
Income before income taxes	36,178	21,123
Income tax expense	(1,001)	(908)
NET INCOME	35,177	20,215
Net income attributable to noncontrolling interests	126	—
NET INCOME ATTRIBUTABLE TO GENESIS ENERGY, L.P.	$35,303	$20,215
NET INCOME PER COMMON UNIT:		
Basic and Diluted	$0.32	$0.21
WEIGHTED AVERAGE OUTSTANDING COMMON UNITS:		
Basic and Diluted	109,979	95,029

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

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GENESIS ENERGY, L.P.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(In thousands)

	Number of Common Units	Partners' Capital	Noncontrolling Interest	Total
Partners' capital, January 1, 2016	109,979	$2,029,101	$ (8,350)	$2,020,751
Net income	—	35,303	(126)	35,177
Cash distributions to partners	—	(72,087)	—	(72,087)
Partners' capital, March 31, 2016	109,979	$1,992,317	$ (8,476)	$1,983,841

	Number of Common Units	Partners' Capital	Noncontrolling Interest	Total
Partners' capital, January 1, 2015	95,029	$1,229,203	$ —	$1,229,203
Net income	—	20,215	—	20,215
Cash distributions to partners	—	(56,542)	—	(56,542)
Partners' capital, March 31, 2015	95,029	$1,192,876	$ —	$1,192,876

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$35,177	$20,215
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation and amortization	46,635	27,125
Amortization of debt issuance costs and discount	2,441	1,247
Amortization of unearned income and initial direct costs on direct financing leases	(3,656)	(3,805)
Payments received under direct financing leases	5,167	5,167
Equity in earnings of investments in equity investees	(10,717)	(15,519)
Cash distributions of earnings of equity investees	15,543	18,075
Non-cash effect of equity-based compensation plans	(1,103)	3,161
Deferred and other tax liabilities	700	608
Unrealized loss on derivative transactions	1,651	1,534
Other, net	1,335	(1,279)
Net changes in components of operating assets and liabilities (Note 12)	(52,067)	5,936
Net cash provided by operating activities	41,106	62,465
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments to acquire fixed and intangible assets	(118,252)	(111,504)
Cash distributions received from equity investees - return of investment	5,788	7,827
Investments in equity investees	(1,135)	(1,750)
Acquisitions	(25,394)	—
Contributions in aid of construction costs	4,088	—
Proceeds from asset sales	224	1,768
Other, net	130	29
Net cash used in investing activities	(134,551)	(103,630)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on senior secured credit facility	319,400	226,200
Repayments on senior secured credit facility	(154,400)	(128,200)
Distributions to common unitholders	(72,087)	(56,542)
Other, net	1,948	1,383
Net cash provided by financing activities	94,861	42,841
Net increase in cash and cash equivalents	1,416	1,676
Cash and cash equivalents at beginning of period	10,895	9,462
Cash and cash equivalents at end of period	$12,311	$11,138

The accompanying notes are an integral part of these Unaudited Condensed Consolidated Financial Statements.

1. Organization and Basis of Presentation and Consolidation

Organization

We are a growth-oriented master limited partnership formed in Delaware in 1996 and focused on the midstream segment of the crude oil and natural gas industry in the Gulf Coast region of the United States, primarily Texas, Louisiana, Arkansas, Mississippi, Alabama, Florida, and in Wyoming and the Gulf of Mexico. We have a diverse portfolio of assets, including pipelines, offshore hub and junction platforms, refinery-related plants, storage tanks and terminals, railcars, rail loading and unloading facilities, barges and other vessels, and trucks. We are owned 100% by our limited partners. Genesis Energy, LLC, our general partner, is a wholly-owned subsidiary. Our general partner has sole responsibility for conducting our business and managing our operations. We conduct our operations and own our operating assets through our subsidiaries and joint ventures. We manage our businesses through the following five divisions that constitute our reportable segments:

- Offshore pipeline transportation and processing of crude oil and natural gas in the Gulf of Mexico;
- Onshore pipeline transportation of crude oil and, to a lesser extent, carbon dioxide (or "CO_2");
- Refinery services involving processing of high sulfur (or “sour”) gas streams for refineries to remove the sulfur, and selling the related by-product, sodium hydrosulfide (or “NaHS”, commonly pronounced "nash");
- Marine transportation to provide waterborne transportation of petroleum products and crude oil throughout North America; and
- Supply and logistics services, which include terminaling, blending, storing, marketing and transporting crude oil and petroleum products and, on a smaller scale, CO_2.

On July 24, 2015, we acquired the offshore pipeline and services business of Enterprise Products Partners, L.P. and its affiliates for approximately $1.5 billion, subject to certain adjustments. That business includes interests in offshore crude oil and natural gas pipelines and six offshore hub platforms that serve some of the most active drilling and development regions in the United States, including deepwater production fields in the Gulf of Mexico offshore Texas, Louisiana, Mississippi and Alabama. That acquisition complements and substantially expands our existing offshore pipelines segment.

Basis of Presentation and Consolidation

The accompanying Unaudited Condensed Consolidated Financial Statements include Genesis Energy, L.P. and its subsidiaries, including our general partner, Genesis Energy, LLC.

Our results of operations for the interim periods shown in this report are not necessarily indicative of results to be expected for the fiscal year. The Condensed Consolidated Financial Statements included herein have been prepared by us without audit pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, they reflect all adjustments (which consist solely of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the financial results for interim periods. Certain information and notes normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted pursuant to such rules and regulations. However, we believe that the disclosures are adequate to make the information presented not misleading when read in conjunction with the information contained in the periodic reports we file with the SEC pursuant to the Securities Exchange Act of 1934, including the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2015.

Except per unit amounts, or as noted within the context of each footnote disclosure, the dollar amounts presented in the tabular data within these footnote disclosures are stated in thousands of dollars.

2. Recent Accounting Developments

Recently Issued

In May 2014, the FASB issued revised guidance on revenue from contracts with customers that will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard provides a five-step analysis for transactions to determine when and how revenue is recognized. The guidance permits the use of either a full retrospective or a modified retrospective approach. In July 2015, the FASB approved a one year deferral of the effective date of this standard to December 15, 2017 for annual reporting periods beginning after that date. The FASB also approved early adoption of the standard, but not before the original effective date of December 15, 2016. We are evaluating the transition methods and the impact of the amended guidance on our financial position, results of operations and related disclosures.

In July 2015, the FASB issued guidance modifying the accounting for inventory. Under this guidance, the measurement principle for inventory will change from lower of cost or market value to lower of cost or net realizable value. The guidance defines net realizable value as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The guidance is effective for reporting periods after December 15, 2016, with early adoption permitted. We do not expect adoption to have a material impact on our consolidated financial statements.

In September 2015, the FASB issued ASU 2015-16 in response to stakeholder feedback that restating prior periods to reflect adjustments made to provisional amounts recognized in a business combination adds cost and complexity to financial reporting but does not significantly improve the usefulness of information provided to users. Under the new ASU, an acquirer must recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. The ASU also requires that the acquirer present separately on the face of the income statement, or disclose in the notes, the portion of the amount recorded in current period earnings by line item that would have been recorded in previous reporting periods if the adjustment to the provisional amounts had been recognized as of the acquisition date. The guidance is effective for reporting periods after December 15, 2015, with early adoption permitted. We have adopted this guidance and do not expect it to have a material impact on our consolidated financial statements.

In February 2016, the FASB issued guidance to improve the transparency and comparability among companies by requiring lessees to recognize a lease liability and a corresponding lease asset for virtually all lease contracts. The guidance also requires additional disclosure about leasing arrangements. The guidance is effective for interim and annual periods beginning after December 15, 2018 and requires a modified retrospective approach to adoption. Early adoption is permitted. We are currently evaluating this guidance.

3. Acquisition and Divestiture

Acquisition

Enterprise Offshore

On July 24, 2015, we acquired the offshore pipeline and services business of Enterprise Products Partners, L.P. and its affiliates for approximately $1.5 billion, subject to certain adjustments. That business includes interests in offshore crude oil and natural gas pipelines and six offshore hub platforms, including a 36% interest in the Poseidon Oil Pipeline System, a 50% interest in the Southeast Keathley Canyon Oil Pipeline System, and a 50% interest in the Cameron Highway Oil Pipeline System. To finance that transaction, in July, we issued 10,350,000 common units in a public offering that generated proceeds of $437.2 million net of underwriter discounts and $750.0 million aggregate principal amount of 6.75% senior unsecured notes due 2022 that generated net proceeds of $728.6 million net of issuance discount and underwriting fees. The remainder of that transaction was financed with borrowings under our senior secured credit facility.

We have reflected the financial results of the acquired business in our offshore pipeline transportation segment from the date of acquisition. The purchase price has been allocated to the assets acquired and liabilities assumed based on estimated preliminary fair values. Those preliminary fair values were developed by management with the assistance of a third-party valuation firm and are subject to change pending a final valuation report and final determination of working capital acquired and other purchase price adjustments. We expect to finalize the purchase price allocation for this transaction during the remainder of 2016. We do not expect any material adjustments to these preliminary purchase price allocations as a result of the final valuation and our preliminary purchase price allocation remains unchanged from what was disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015.

Our Consolidated Financial Statements include the results of our acquired offshore pipeline transportation business since July 24, 2015, the effective closing date of the acquisition. The following table presents selected financial information included in our Consolidated Financial Statements for the periods presented:

Three
Months

	Ended March 31, 2016
Revenues	$55,600
Net income	$35,352

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The table below presents selected unaudited pro forma financial information incorporating the historical results of our newly acquired offshore pipeline transportation assets. The pro forma financial information below has been prepared as if the acquisition had been completed on January 1, 2015 and is based upon assumptions deemed appropriate by us and may not be indicative of actual results. This pro forma information was prepared using historical financial data of the Enterprise offshore pipelines and services businesses and reflects certain estimates and assumptions made by our management. Our unaudited pro forma financial information is not necessarily indicative of what our consolidated financial results would have been had the Enterprise acquisition been completed on January 1, 2015.

	Three Months Ended March 31,
Pro forma consolidated financial operating results:	2015
Revenues	$604,557
Net Income Attributable to Genesis Energy L.P.	$30,875
Basic and diluted earnings per unit:	
As reported net income per unit	$0.21
Pro forma net income per unit	$0.29

4. Inventories

The major components of inventories were as follows:

	March 31, 2016	December 31, 2015
Petroleum products	$ 6,300	$ 14,235
Crude oil	50,431	22,815
Caustic soda	2,906	3,964
NaHS	3,953	2,755
Other	—	6
Total	$ 63,590	$ 43,775

Inventories are valued at the lower of cost or market. The market value of inventories were not below recorded cost as of March 31, 2016 and were below recorded costs by approximately $0.9 million as of December 31, 2015; therefore we reduced the value of inventory in our Condensed Consolidated Financial Statements for this difference in 2015.

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

5. Fixed Assets
Fixed Assets
Fixed assets consisted of the following:

	March 31, 2016	December 31, 2015
Crude oil pipelines and natural gas pipelines and related assets	$2,656,905	$2,501,821
Machinery and equipment	414,707	414,100
Transportation equipment	18,323	19,025
Marine vessels	803,581	794,508
Land, buildings and improvements	46,462	41,202
Office equipment, furniture and fixtures	7,869	7,540
Construction in progress	481,887	485,575
Other	46,915	46,455
Fixed assets, at cost	4,476,649	4,310,226
Less: Accumulated depreciation	(416,425)	(378,247)
Net fixed assets	$4,060,224	$3,931,979

Our depreciation expense for the periods presented was as follows:

	Three Months Ended March 31, 2016	2015
Depreciation expense	$39,712	$22,037

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Asset Retirement Obligations

We record AROs in connection with legal requirements to perform specified retirement activities under contractual arrangements and/or governmental regulations. As a result of the Enterprise acquisition of the offshore pipeline and services business of Enterprise Products Partners, L.P. on July 24, 2015, we recorded AROs based on the fair value measurement assigned during the preliminary purchase price allocation.

The following table presents information regarding our AROs since December 31, 2015:

ARO liability balance, December 31, 2015	$188,662
AROs arising from the purchase of the remaining interest in Deepwater Gateway	10,470
AROs from the consolidation of historical interest in Deepwater Gateway	10,470
Accretion expense	2,540
Change in estimate	817
Settlements	(71)
ARO liability balance, March 31, 2016	$212,888

Of the ARO balances disclosed above, $9.8 million is included as current in "Accrued liabilities" on our Unaudited Condensed Consolidated Balance Sheet, as of March 31, 2016 and December 31, 2015. The remainder of the ARO liability as of March 31, 2016 and December 31, 2015 are included in "Other long-term liabilities" on our Unaudited Condensed Consolidated Balance Sheet.

With respect to our AROs, the following table presents our forecast of accretion expense for the periods indicated:

Remainder of 2016	$7,982
2017	$9,671
2018	$7,948
2019	$8,464
2020	$9,014

Certain of our unconsolidated affiliates have AROs recorded at March 31, 2016 relating to contractual agreements and regulatory requirements. These amounts are immaterial to our Consolidated Financial Statements.

6. Equity Investees

We account for our ownership in our joint ventures under the equity method of accounting. The price we pay to acquire an ownership interest in a company may exceed or be less than the underlying book value of the capital accounts we acquire. Such excess cost amounts are included within the carrying values of our equity investees. At March 31, 2016 and December 31, 2015, the unamortized excess cost amounts totaled $410.0 million and $414.0 million, respectively. We amortize the excess cost as a reduction in equity earnings in a manner similar to depreciation.

As part of our Enterprise acquisition, we increased our ownership interest in each of Cameron Highway Oil Pipeline Company ("CHOPS") and Southeast Keathley Canyon Pipeline Company, LLC ("SEKCO") from 50% to 100%. Consequently, these entities were reflected as equity investees until July 24, 2015, at which point they became fully consolidated wholly owned subsidiaries.

Also, as part of our Enterprise acquisition, our ownership interest in Poseidon Oil Pipeline Company, LLC ("Poseidon") increased from 28% to 64%. We also acquired a 50% ownership interest in Deepwater Gateway, LLC and a 25.7% interest in Neptune Pipeline Company, LLC. These additional interests are accounted for as equity investments from the acquisition date of July 24, 2015.

In the first quarter of 2016, we purchased the remaining 50% interest in Deepwater Gateway, LLC for approximately $26.0 million (including adjustments for working capital), so we now own 100% of that entity. Consequently, we now consolidate Deepwater Gateway, LLC instead of accounting for our interest under the equity method.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The following table presents information included in our Unaudited Condensed Consolidated Financial Statements related to our equity investees.

	Three Months Ended March 31,	
	2016	2015
Genesis' share of operating earnings	$14,698	$18,260
Amortization of excess purchase price	(3,981)	(2,741)
Net equity in earnings	$10,717	$15,519
Distributions received	$21,331	$25,902

The following tables present the combined unaudited balance sheet and income statement information (on a 100% basis) of our equity investees:

	March 31, 2016	December 31, 2015
BALANCE SHEET DATA:		
Assets		
Current assets	$37,320	$ 38,871
Fixed assets, net	378,745	450,108
Other assets	1,852	2,040
Total assets	$417,917	$ 491,019
Liabilities and equity		
Current liabilities	$24,412	$ 25,308
Other liabilities	217,543	231,032
Equity	175,962	234,679
Total liabilities and equity	$417,917	$ 491,019

	Three Months Ended March 31,	
	2016	2015
INCOME STATEMENT DATA:		
Revenues	$45,574	$72,090
Operating income	$28,825	$48,113
Net income	$27,643	$46,917

Poseidon's revolving credit facility

Borrowings under Poseidon's revolving credit facilities, which was amended and restated in February 2015, are primarily used to fund spending on capital projects. The February 2015 credit facility is non-recourse to Poseidon's owners and secured by its assets. The February 2015 credit facility contains customary covenants such as restrictions on debt levels, liens, guarantees, mergers, sale of assets and distributions to owners. A breach of any of these covenants could result in acceleration of the maturity date of Poseidon's debt. Poseidon was in compliance with the terms of its credit agreement for all periods presented in these Unaudited Combined Financial Statements.

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

7. Intangible Assets
The following table summarizes the components of our intangible assets at the dates indicated:

	March 31, 2016			December 31, 2015		
	Gross Carrying Amount	Accumulated Amortization	Carrying Value	Gross Carrying Amount	Accumulated Amortization	Carrying Value
Refinery Services:						
Customer relationships	$94,654	$ 87,153	$7,501	$94,654	$ 86,285	$8,369
Licensing agreements	38,678	32,322	6,356	38,678	31,694	6,984
Segment total	133,332	119,475	13,857	133,332	117,979	15,353
Supply & Logistics:						
Customer relationships	35,430	32,452	2,978	35,430	32,044	3,386
Intangibles associated with lease	13,260	4,104	9,156	13,260	3,986	9,274
Segment total	48,690	36,556	12,134	48,690	36,030	12,660
Marine contract intangibles	27,000	2,250	24,750	27,000	900	26,100
Offshore pipeline contract intangibles	158,101	5,547	152,554	158,101	3,467	154,634
Other	26,151	8,660	17,491	22,819	8,120	14,699
Total	$393,274	$ 172,488	$220,786	$389,942	$ 166,496	$223,446

Our amortization of intangible assets for the periods presented was as follows:

	Three Months Ended March 31,	
	2016	2015
Amortization of intangible assets	$5,992	$4,037

We estimate that our amortization expense for the next five years will be as follows:

Remainder of	2016	$18,322
	2017	$23,273
	2018	$21,157
	2019	$16,830
	2020	$15,929

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8. Debt

Our obligations under debt arrangements consisted of the following:

	March 31, 2016			December 31, 2015		
	Principal	Unamortized Discount and Debt Issuance Costs [1]	Net Value	Principal	Unamortized Discount and Debt Issuance Costs [1]	Net Value
Senior secured credit facility	$1,280,000	$ —	$1,280,000	$1,115,000	$ —	$1,115,000
6.000% senior unsecured notes	400,000	7,558	392,442	400,000	7,825	392,175
5.750% senior unsecured notes	350,000	4,928	345,072	350,000	5,183	344,817
5.625% senior unsecured notes	350,000	7,286	342,714	350,000	7,510	342,490
6.750% senior unsecured notes	750,000	21,653	728,347	750,000	22,428	727,572
Total long-term debt	$3,130,000	$ 41,425	$3,088,575	$2,965,000	$ 42,946	$2,922,054

(1) In April 2015, the FASB issued guidance that requires the presentation of debt issuance costs in financial statements as a direct reduction of related debt liabilities with amortization of debt issuance costs reported as interest expense. Under current U.S. GAAP standards, debt issuance costs are reported as deferred charges (i.e., as an asset). This guidance is effective for annual periods, and interim periods within those fiscal years, beginning after December 15, 2015 and is to be applied retrospectively upon adoption. Early adoption is permitted, including adoption in an interim period for financial statements that have not been previously issued. Genesis adopted this guidance in the fourth quarter of 2015.

As of March 31, 2016, we were in compliance with the financial covenants contained in our credit agreement and senior unsecured notes indentures.

Senior Secured Credit Facility

The key terms for rates under our $1.5 billion senior secured credit facility, which are dependent on our leverage ratio (as defined in the credit agreement), are as follows:

- The applicable margin varies from 1.50% to 2.50% on Eurodollar borrowings and from 0.50% to 1.50% on alternate base rate borrowings.
- Letter of credit fees range from 1.50% to 2.50%
- The commitment fee on the unused committed amount will range from 0.250% to 0.375%.
- The accordion feature is $500.0 million, giving us the ability to expand the size of the facility up to $2.0 billion for acquisitions or growth projects, subject to lender consent.

At March 31, 2016, we had $1.3 billion borrowed under our $1.5 billion credit facility, with $48.8 million of the borrowed amount designated as a loan under the inventory sublimit. Our credit agreement allows up to $100.0 million of the capacity to be used for letters of credit, of which $9.8 million was outstanding at March 31, 2016. Due to the revolving nature of loans under our credit facility, additional borrowings and periodic repayments and re-borrowings may be made until the maturity date. The total amount available for borrowings under our credit facility at March 31, 2016 was $210.2 million.

In April 2016, we amended our credit agreement to, among other things, (i) increase the committed amount under our revolving credit facility to $1.7 billion (from $1.5 billion), with the ability to increase the committed amount by an additional $300.0 million, subject to lender consent and (ii) permanently relax the maximum consolidated leverage ratio to 5.5 to 1.0.

9. Partners' Capital and Distributions

At March 31, 2016, our outstanding common units consisted of 109,939,221 Class A units and 39,997 Class B units.

Distributions

We paid or will pay the following distributions in 2015 and 2016:

Distribution For	Date Paid	Per Unit Amount	Total Amount
2015			
1st Quarter	May 15, 2015	$0.6100	$60,774
2nd Quarter	August 14, 2015	$0.6250	$68,737
3rd Quarter	November 13, 2015	$0.6400	$70,387
4th Quarter	February 12, 2016	$0.6550	$72,036
2016			
1st Quarter	May 13, 2016	$0.6725	$73,961

(1) This distribution will be paid to unitholders of record as of April 29, 2016.

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10. Business Segment Information
We currently manage our businesses through five divisions that constitute our reportable segments:

- Offshore Pipeline Transportation – offshore pipeline transportation and processing of crude oil and natural gas in the Gulf of Mexico;
- Onshore Pipeline Transportation – transportation of crude oil, and to a lesser extent, CO_2;
- Refinery Services – processing high sulfur (or "sour") gas streams as part of refining operations to remove the sulfur and selling the related by-product, NaHS;
- Marine Transportation – marine transportation to provide waterborne transportation of petroleum products and crude oil throughout North America; and
- Supply and Logistics – terminaling, blending, storing, marketing and transporting crude oil and petroleum products (primarily fuel oil, asphalt, and other heavy refined products) and, on a smaller scale, CO_2.

Substantially all of our revenues are derived from, and substantially all of our assets are located in, the United States.
We define Segment Margin as revenues less product costs, operating expenses (excluding non-cash gains and charges, such as depreciation and amortization), and segment general and administrative expenses, plus our equity in distributable cash generated by our equity investees. In addition, our Segment Margin definition excludes the non-cash effects of our legacy stock appreciation rights plan and includes the non-income portion of payments received under direct financing leases.
Our chief operating decision maker (our Chief Executive Officer) evaluates segment performance based on a variety of measures including Segment Margin, segment volumes, where relevant, and capital investment.
Segment information for the periods presented below was as follows:

	Offshore Pipeline Transportation	Onshore Pipeline Transportation	Refinery Services	Marine Transportation	Supply & Logistics	Total
Three Months Ended March 31, 2016						
Segment Margin (a)	$ 78,618	$ 15,677	$21,199	$ 18,916	$10,471	$144,881
Capital expenditures (b)	$ 28,825	$ 45,727	$325	$ 8,429	$42,852	$126,158
Revenues:						
External customers	$ 76,126	$ 14,876	$44,750	$ 50,660	$192,002	$378,414
Intersegment (c)	—	3,275	(2,214)	1,376	(2,437)	—
Total revenues of reportable segments	$ 76,126	$ 18,151	$42,536	$ 52,036	$189,565	$378,414
Three Months Ended March 31, 2015						