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

Form 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2020

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

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common units	GEL	NYSE

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. There were 122,539,221 Class A Common Units and 39,997 Class B Common Units outstanding as of November 5, 2020.

GENESIS ENERGY, L.P.
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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)

	September 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 36,504	$ 29,128
Restricted cash	7,512	27,277
Accounts receivable - trade, net	247,819	417,002
Inventories	89,811	65,137
Net investment in direct financing leases, net of unearned income	69,370	9,293
Other	65,576	45,237
Total current assets	516,592	593,074
FIXED ASSETS, at cost	5,209,403	5,540,596
Less: Accumulated depreciation	(1,295,654)	(1,246,121)
Net fixed assets	3,913,749	4,294,475
MINERAL LEASEHOLDS, net of accumulated depletion	553,417	555,825
NET INVESTMENT IN DIRECT FINANCING LEASES, net of unearned income	—	107,702
EQUITY INVESTEES	321,541	334,523
INTANGIBLE ASSETS, net of amortization	129,178	138,927
GOODWILL	301,959	301,959
RIGHT OF USE ASSETS, net	159,488	177,071
OTHER ASSETS, net of amortization	57,426	94,085
TOTAL ASSETS	$ 5,953,350	$ 6,597,641
LIABILITIES AND CAPITAL		
CURRENT LIABILITIES:		
Accounts payable - trade	$ 151,762	$ 218,737
Accrued liabilities	181,840	196,758
Total current liabilities	333,602	415,495
SENIOR SECURED CREDIT FACILITY	984,800	959,300
SENIOR UNSECURED NOTES, net of debt issuance costs	2,373,928	2,469,937
DEFERRED TAX LIABILITIES	12,665	12,640
OTHER LONG-TERM LIABILITIES	378,870	393,850
Total liabilities	4,083,865	4,251,222
MEZZANINE CAPITAL:		
Class A Convertible Preferred Units, 25,336,778 issued and outstanding at September 30, 2020 and December 31, 2019	790,115	790,115
Redeemable noncontrolling interests, 139,359 and 130,000 preferred units issued and outstanding at September 30, 2020 and December 31, 2019, respectively	137,475	125,133
PARTNERS’ CAPITAL:		
Common unitholders, 122,579,218 units issued and outstanding at September 30, 2020 and December 31, 2019	951,554	1,443,320
Accumulated other comprehensive loss	(8,066)	(8,431)
Noncontrolling interests	(1,593)	(3,718)
Total partners' capital	941,895	1,431,171
TOTAL LIABILITIES, MEZZANINE CAPITAL AND PARTNERS’ CAPITAL	$ 5,953,350	$ 6,597,641

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
REVENUES:				
Offshore pipeline transportation	$ 53,893	$ 79,738	$ 197,286	$ 236,482
Sodium minerals and sulfur services	206,731	277,527	642,745	827,619
Marine transportation	51,912	59,404	170,978	174,760
Onshore facilities and transportation	130,589	205,028	360,506	637,630
Total revenues	443,125	621,697	1,371,515	1,876,491
COSTS AND EXPENSES:				
Onshore facilities and transportation product costs	103,245	160,772	258,644	495,927
Onshore facilities and transportation operating costs	16,984	19,550	53,470	58,377
Marine transportation operating costs	36,342	44,831	117,840	133,400
Sodium minerals and sulfur services operating costs	178,688	222,304	550,931	660,906
Offshore pipeline transportation operating costs	21,698	22,932	56,762	45,507
General and administrative	11,072	14,999	45,858	40,097
Depreciation, depletion and amortization	67,733	83,522	222,210	240,513
Impairment expense	3,331	—	280,826	—
Total costs and expenses	439,093	568,910	1,586,541	1,674,727
OPERATING INCOME (LOSS)	4,032	52,787	(215,026)	201,764
Equity in earnings of equity investees	14,439	11,830	41,216	39,873
Interest expense	(51,312)	(54,673)	(157,895)	(165,881)
Other income, net	7,406	7,974	13,114	306
Income (loss) before income taxes	(25,435)	17,918	(318,591)	76,062
Income tax expense	(145)	(111)	(575)	(656)
NET INCOME (LOSS)	(25,580)	17,807	(319,166)	75,406
Net loss (income) attributable to noncontrolling interests	12	22	38	(1,503)
Net income attributable to redeemable noncontrolling interests	(4,149)	(272)	(12,394)	(272)
NET INCOME (LOSS) ATTRIBUTABLE TO GENESIS ENERGY, L.P.	$ (29,717)	$ 17,557	$ (331,522)	$ 73,631
Less: Accumulated distributions attributable to Class A Convertible Preferred Units	(18,684)	(18,684)	(56,052)	(55,783)
NET INCOME (LOSS) AVAILABLE TO COMMON UNITHOLDERS	$ (48,401)	$ (1,127)	$ (387,574)	$ 17,848
NET INCOME (LOSS) PER COMMON UNIT (Note 11):				
Basic and Diluted	$ (0.39)	$ (0.01)	$ (3.16)	$ 0.15
WEIGHTED AVERAGE OUTSTANDING COMMON UNITS:				
Basic and Diluted	122,579	122,579	122,579	122,579

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

GENESIS ENERGY, L.P.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	$ (25,580)	$ 17,807	$ (319,166)	$ 75,406
Other comprehensive income:				
Amortization of prior service cost	122	—	365	—
Total Comprehensive income (loss)	(25,458)	17,807	(318,801)	75,406
Comprehensive loss (income) attributable to noncontrolling interests	12	22	38	(1,503)
Comprehensive income attributable to redeemable noncontrolling interests	(4,149)	(272)	(12,394)	(272)
Comprehensive income (loss) attributable to Genesis Energy, L.P.	$ (29,595)	$ 17,557	$ (331,157)	$ 73,631

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

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

	Number of Common Units	Partners' Capital	Noncontrolling Interest	Accumulated Other Comprehensive Loss	Total
Partners' capital, June 30, 2020	122,579	$ 1,018,342	$ (1,900)	$ (8,188)	$ 1,008,254
Net loss	—	(29,717)	(12)	—	(29,729)
Cash distributions to partners	—	(18,387)	—	—	(18,387)
Cash contributions from noncontrolling interests	—	—	319	—	319
Other comprehensive income	—	—	—	122	122
Distributions to Class A Convertible Preferred unitholders	—	(18,684)	—	—	(18,684)
Partners' capital, September 30, 2020	122,579	$ 951,554	$ (1,593)	$ (8,066)	$ 941,895

	Number of Common Units	Partners' Capital	Noncontrolling Interest	Accumulated Other Comprehensive Income	Total
Partners' capital, June 30, 2019	122,579	$ 1,575,599	$ (8,449)	$ 939	$ 1,568,089
Net income	—	17,557	(22)	—	17,535
Cash distributions to partners	—	(67,418)	—	—	(67,418)
Cash contributions from noncontrolling interests	—	—	2,375	—	2,375
Distributions to Class A Convertible Preferred unitholders	—	(18,684)	—	—	(18,684)
Partners' capital, September 30, 2019	122,579	$ 1,507,054	$ (6,096)	$ 939	$ 1,501,897

	Number of Common Units	Partners' Capital	Noncontrolling Interest	Accumulated Other Comprehensive Loss	Total
Partners' capital, January 1, 2020	122,579	$ 1,443,320	$ (3,718)	$ (8,431)	$ 1,431,171
Net loss	—	(331,522)	(38)	—	(331,560)
Cash distributions to partners	—	(104,192)	—	—	(104,192)
Cash contributions from noncontrolling interests	—	—	2,163	—	2,163
Other comprehensive income	—	—	—	365	365
Distributions to Class A Convertible Preferred unitholders	—	(56,052)	—	—	(56,052)
Partners' capital, September 30, 2020	122,579	$ 951,554	$ (1,593)	$ (8,066)	$ 941,895

	Number of Common Units	Partners' Capital	Noncontrolling Interest	Accumulated Other Comprehensive Income	Total
Partners' capital, January 1, 2019	122,579	$ 1,690,799	$ (11,204)	$ 939	$ 1,680,534
Net income	—	73,631	1,503	—	75,134
Cash distributions to partners	—	(202,256)	—	—	(202,256)
Cash contributions from noncontrolling interests	—	—	3,605	—	3,605
Distributions to Class A Convertible Preferred unitholders	—	(55,120)	—	—	(55,120)
Partners' capital, September 30, 2019	122,579	$ 1,507,054	$ (6,096)	$ 939	$ 1,501,897

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

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

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (319,166)	$ 75,406
Adjustments to reconcile net income (loss) to net cash provided by operating activities -		
Depreciation, depletion and amortization	222,210	240,513
Impairment expense	280,826	—
Amortization and write-off of debt issuance costs and discount	17,515	8,065
Amortization of unearned income and initial direct costs on direct financing leases	(8,217)	(9,271)
Payments received under direct financing leases	56,837	15,501
Equity in earnings of investments in equity investees	(41,216)	(39,873)
Cash distributions of earnings of equity investees	40,773	39,725
Non-cash effect of long-term incentive compensation plans	(2,806)	6,298
Deferred and other tax liabilities	25	296
Unrealized (gains) losses on derivative transactions	(19,582)	4,231
Cancellation of debt income	(20,534)	—
Other, net	16,817	(3,518)
Net changes in components of operating assets and liabilities (Note 14)	72,146	(5,644)
Net cash provided by operating activities	295,628	331,729
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments to acquire fixed and intangible assets	(100,381)	(109,598)
Cash distributions received from equity investees - return of investment	14,943	18,333
Proceeds from asset sales	447	890
Net cash used in investing activities	(84,991)	(90,375)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on senior secured credit facility	814,100	597,500
Repayments on senior secured credit facility	(788,600)	(620,600)
Proceeds from issuance of senior unsecured notes due 2028	750,000	—
Net proceeds from issuance of preferred units (Note 10)	—	49,400
Repayment of senior unsecured notes	(827,031)	—
Debt issuance costs	(15,279)	—
Contributions from noncontrolling interests	2,163	3,605
Distributions to common unitholders	(104,192)	(202,256)
Distributions to preferred unitholders	(56,052)	(24,822)
Other, net	1,865	2,128
Net cash used in financing activities	(223,026)	(195,045)
Net increase (decrease) decrease in cash, restricted cash, and cash equivalents	(12,389)	46,309
Cash, restricted cash and cash equivalents at beginning of period	56,405	10,300
Cash, restricted cash and cash equivalents at end of period	$ 44,016	$ 56,609

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

GENESIS ENERGY, L.P.
NOTES TO 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 and the Gulf of Mexico. We provide an integrated suite of services to refiners, crude oil and natural gas producers, and industrial and commercial enterprises and have a diverse portfolio of assets, including pipelines, offshore hub and junction platforms, our soda ash business (our "Alkali Business"), refinery-related plants, storage tanks and terminals, railcars, rail 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 currently manage our businesses through the following four divisions that constitute our reportable segments:

- Offshore pipeline transportation and processing of crude oil and natural gas in the Gulf of Mexico;
- Sodium minerals and sulfur services involving trona and trona-based exploring, mining, processing, producing, marketing and selling activities, as well as 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");
- Onshore facilities and transportation, which include terminalling, blending, storing, marketing, and transporting crude oil, petroleum products, and CO_2; and
- Marine transportation to provide waterborne transportation of petroleum products and crude oil throughout North America.

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 Unaudited 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 (the "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, 2019 (our "Annual Report").

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.

Covid-19 and Market Update

In March 2020, the World Health Organization categorized Covid-19 as a pandemic, and the President of the United States declared the Covid-19 outbreak a national emergency. Our operations, which fall within the energy, mining and transportation sectors, are considered critical and essential by the Department of Homeland Security's Cybersecurity and Infrastructure Security Agency ("CISA") and we have continued to operate our assets during this pandemic.

Covid-19 has caused commodity prices to decline due to, among other things, reduced industrial activity and travel demand that are expected to continue in the near future. Beginning in the second quarter of 2020, our results were negatively impacted, primarily through lower volumes and demand for our assets, by the macroeconomic conditions and current operating environment. Additionally, as a result of lower current demand and the outlook for our crude-by-rail logistics assets, and rail becoming an uneconomic means of transportation for producers to get crude oil to their refineries, we recognized a non-cash impairment charge associated with these assets in our onshore facilities and transportation segment during the second quarter of 2020 (refer to Note 6 for additional discussion). In response to the pandemic and as part of our overall cost savings strategy, during the second quarter of 2020 we recorded a one-time charge of approximately $13 million associated with restructuring and severance expenses incurred during the period.

In addition to Covid-19, which continued to negatively impact our results due to the lower demand and volumes across our businesses during the third quarter of 2020, we experienced several hurricanes, including Hurricane Laura, which caused downtime and damage to certain of our assets in the Gulf of Mexico causing a one-time increase in operating costs of approximately $5 million in our offshore pipeline transportation segment. As we exited the third quarter of 2020, we began to see a slight recovery in volumes and demand as certain regions of the United States and the world begin to re-open their economies. We considered the impact of lower commodity prices and Covid-19 on the assumptions and estimates reflected in our financial statements.

We believe we are still well positioned and have adequate liquidity, especially when considering our recurring and estimated nonrecurring cash obligations, to operate through the rest of the pandemic and continue our natural path of deleveraging our balance sheet. See further discussion on Covid-19 in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

2. Recent Accounting Developments

Recently Adopted

We have adopted guidance under ASC Topic 326, Financial Instruments - Credit Losses ("ASC 326"), as of January 1, 2020. The standard changed the impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans, and other instruments, entities are required to use a new forward-looking “expected loss” model that generally will result in the earlier recognition of allowances for losses. We have assessed our receivables for expected losses by considering current and historical information pertaining to our trade accounts and existing contract assets. Our assessment resulted in an immaterial impact to our consolidated financial statements as of the adoption date and for the three and nine months ended September 30, 2020.

During the first quarter of 2020, the SEC amended the financial disclosure requirements for guarantors and issuers of guaranteed securities registered or being registered in Rule 3-10 of Regulation S-X to go in effect January 4, 2021. The amendment simplifies the disclosure requirements and permits the amended disclosures to be provided outside the footnotes in audited annual or unaudited interim consolidated financial statements in all filings. As permitted by the amendment, we have early adopted the amendment and included the required summarized financial information in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

3. Revenue Recognition

Revenue from Contracts with Customers

The following tables reflect the disaggregation of our revenues by major category for the three months ended September 30, 2020 and 2019, respectively:

	Three Months Ended September 30, 2020				
	Offshore Pipeline Transportation	Sodium Minerals & Sulfur Services	Marine Transportation	Onshore Facilities and Transportation	Consolidated
Fee-based revenues	$ 53,893	$ —	$ 51,912	$ 22,406	$ 128,211
Product Sales	—	188,201	—	108,183	296,384
Refinery Services	—	18,530	—	—	18,530
	$ 53,893	$ 206,731	$ 51,912	$ 130,589	$ 443,125

	Three Months Ended September 30, 2019				
	Offshore Pipeline Transportation	Sodium Minerals & Sulfur Services	Marine Transportation	Onshore Facilities and Transportation	Consolidated
Fee-based revenues	$ 79,738	$ —	$ 59,404	$ 36,937	$ 176,079
Product Sales	—	259,332	—	168,091	427,423
Refinery Services	—	18,195	—	—	18,195
	$ 79,738	$ 277,527	$ 59,404	$ 205,028	$ 621,697

The following tables reflect the disaggregation of our revenues by major category for the nine months ended September 30, 2020 and 2019, respectively:

	Nine Months Ended September 30, 2020				
	Offshore Pipeline Transportation	Sodium Minerals & Sulfur Services	Marine Transportation	Onshore Facilities and Transportation	Consolidated
Fee-based revenues	$ 197,286	$ —	$ 170,978	$ 85,241	$ 453,505
Product Sales	—	575,977	—	275,265	851,242
Refinery Services	—	66,768	—	—	66,768
	$ 197,286	$ 642,745	$ 170,978	$ 360,506	$ 1,371,515

	Nine Months Ended September 30, 2019				
	Offshore Pipeline Transportation	Sodium Minerals & Sulfur Services	Marine Transportation	Onshore Facilities & Transportation	Consolidated
Fee-based revenues	$ 236,482	$ —	$ 174,760	$ 112,713	$ 523,955
Product Sales	—	769,264	—	524,917	1,294,181
Refinery Services	—	58,355	—	—	58,355
	$ 236,482	$ 827,619	$ 174,760	$ 637,630	$ 1,876,491

The Company recognizes revenue upon the satisfaction of its performance obligations under its contracts. The timing of revenue recognition varies for our different revenue streams. In general, the timing includes recognition of revenue over time as services are being performed as well as recognition of revenue at a point in time, for delivery of products.

Contract Assets and Liabilities

The table below depicts our contract asset and liability balances at December 31, 2019 and September 30, 2020:

	Contract Assets		Contract Liabilities	
	Current	Non-Current	Current	Non-Current
Balance at December 31, 2019	$ 21,912	$ 54,232	$ 2,896	$ 23,170
Balance at September 30, 2020	36,558	20,209	3,020	20,929

Transaction Price Allocations to Remaining Performance Obligations

We are required to disclose the amount of our transaction prices that are allocated to unsatisfied performance obligations as of September 30, 2020. We are exempted from disclosing performance obligations with a duration of one year or less, revenue recognized related to performance obligations where the consideration corresponds directly with the value provided to customers, and contracts with variable consideration that is allocated wholly to an unsatisfied performance obligation or promise to transfer a good or service that is part of a series in accordance with ASC 606.

The majority of our contracts qualify for one of these expedients or exemptions. For the remaining contract types that involve revenue recognition over a long-term period with long-term fixed consideration (adjusted for indexing as required), we determined our allocations of transaction price that relate to unsatisfied performance obligations. For our tiered pricing offshore transportation contracts, we provide firm capacity for both fixed and variable consideration over a long term period. Therefore, we have allocated the remaining contract value to future periods.

The following chart depicts how we expect to recognize revenues for future periods related to these contracts:

	Offshore Pipeline Transportation	Onshore Facilities and Transportation
Remainder of 2020	$ 17,015	$ 15,868
2021	62,937	22,271
2022	73,204	4,703
2023	61,503	—
2024	53,778	—
Thereafter	156,136	—
Total	$ 424,573	$ 42,842

4. Lease Accounting

Lessee Arrangements

We lease a variety of transportation equipment (including trucks, trailers, and railcars), terminals, land and facilities, and office space and equipment. Lease terms vary and can range from short term (under 12 months) to long term (greater than 12 months). A majority of our leases contain options to extend the life of the lease at our sole discretion. We considered these options when determining the lease terms used to derive our right of use asset and associated lease liability. Leases with a term of less than 12 months are not recorded on our Unaudited Condensed Consolidated Balance Sheets. Lease expenses are recognized on a straight line basis over the lease term.

Our Right of Use Assets, net balance includes our unamortized initial direct costs associated with certain of our transportation equipment leases. Additionally, it includes our unamortized prepaid rents, our deferred rents, and our previously classified intangible asset associated with a favorable lease. Our lease liability includes our remaining provision for each period presented for our cease-use provision for railcars no longer in use. Our short-term and long-term lease liabilities are recorded within "Accrued liabilities" and "Other long-term liabilities," respectively, on our Unaudited Condensed Consolidated Balance Sheets.

Lessor Arrangements

We have the following contracts in which we act as a lessor. We also, from time to time, sublease certain of our transportation and facilities equipment to third parties.

Operating Leases

During the three and nine months ended September 30, 2020, we acted as a lessor in our revenue contract associated with our Free State pipeline system, included in our onshore facilities and transportation segment, and the M/T American Phoenix, included in our marine transportation segment. These revenues are recorded within its respective segment's revenues in the Unaudited Condensed Consolidated Statements of Operations. Our lease revenues for these arrangements (inclusive of fixed and variable consideration) are reflected in the table below for the three and nine months ended September 30, 2020 and 2019, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
M/T American Phoenix	$ 6,787	$ 6,808	$ 20,164	$ 20,202
Free State Pipeline	1,467	1,290	4,889	4,174

The following table details the fixed future lease payments we will receive for our lessor arrangements classified as operating leases as of September 30, 2020:

Maturity of Lessor Receipts	Onshore Facilities and Transportation
Remainder of 2020	$ 300
2021	1,200
2022	1,200
2023	1,200
2024	1,200
Thereafter	4,100
Total Lease Receipts	$ 9,200

Direct Finance Lease

Our direct finance lease includes a lease of the Northeast Jackson Dome ("NEJD") pipeline. Under the terms of the agreement, we are paid a quarterly payment, which commenced in August 2008. These payments are fixed at approximately $5.2 million per quarter during the lease term at an interest rate of 10.25%. At the end of the lease term in 2028, we will convey all of our interest in the NEJD pipeline to the lessee for a nominal payment. During the third quarter of 2020, our customer defaulted under the agreement and we exercised a letter of credit we had issued to us as beneficiary and collected approximately $41 million in cash. As of September 30, 2020, the present value of our lease receivables for our direct finance lease is $69.4 million, which is inclusive of our unamortized initial direct costs, and is presented as current on the Unaudited Condensed Consolidated Balance Sheet in accordance with the default terms under the arrangement.

5. Inventories

The major components of inventories were as follows:

	September 30, 2020	December 31, 2019
Petroleum products	$ 1,868	$ 2,721
Crude oil	29,012	5,271
Caustic soda	5,510	5,965
NaHS	10,056	10,845
Raw materials - Alkali operations	7,194	6,238
Work-in-process - Alkali operations	8,565	8,579
Finished goods, net - Alkali operations	15,086	14,168
Materials and supplies, net - Alkali operations	12,520	11,350
Total	$ 89,811	$ 65,137

Inventories are valued at the lower of cost or net realizable value. The net realizable value of inventories was adjusted $4.1 million below cost as of September 30, 2020, with no such adjustment as of December 31, 2019.

6. Fixed Assets, Mineral Leaseholds, and Asset Retirement Obligations

Fixed Assets

Fixed assets, net consisted of the following:

	September 30, 2020	December 31, 2019
Crude oil pipelines and natural gas pipelines and related assets	$ 2,880,802	$ 2,891,489
Alkali facilities, machinery, and equipment	614,403	591,547
Onshore facilities, machinery, and equipment	264,763	640,376
Transportation equipment	19,336	19,864
Marine vessels	993,346	979,171
Land, buildings and improvements	217,770	238,451
Office equipment, furniture and fixtures	21,993	22,645
Construction in progress	155,099	115,162
Other	41,891	41,891
Fixed assets, at cost	5,209,403	5,540,596
Less: Accumulated depreciation	(1,295,654)	(1,246,121)
Net fixed assets	$ 3,913,749	$ 4,294,475

Mineral Leaseholds

Our Mineral Leaseholds, relating to our Alkali Business, consist of the following:

	September 30, 2020	December 31, 2019
Mineral leaseholds	$ 566,019	$ 566,019
Less: Accumulated depletion	(12,602)	(10,194)
Mineral leaseholds, net of accumulated depletion	$ 553,417	$ 555,825

Our depreciation and depletion expense for the periods presented was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Depreciation expense	$ 62,499	$ 77,228	$ 206,830	$ 222,106
Depletion expense	604	1,204	2,408	3,488

Impairment Expense

During the second quarter of 2020, due to the challenging economic environment from the decline in commodity prices (including the collapse in the differential of Western Canadian Select to the Gulf Coast) and Covid-19, crude-by-rail transportation became uneconomic for producers and the current demand and outlook for our rail logistics assets declined. Due to this, we identified a triggering event that required us to perform an impairment test.

For our recoverability test, we utilized management's estimates, including current contractual commitments, for our future cash inflows, and our costs and expenses were determined based on the estimated fixed and variable requirements to operate and maintain the related assets. As our rail logistics asset groups did not pass the initial recoverability assessment, we subsequently performed a fair value calculation using a discounted cash flow model under the income approach. As a result of this test, we recognized impairment expense of approximately $277 million associated with the rail logistics assets in our onshore facilities and transportation segment, as the carrying value of our assets exceeded the estimated realizable value, including approximately $272 million of net fixed assets and approximately $5 million of right of use assets, net on the Unaudited Condensed Consolidated Balance Sheet. The fair value estimates used in the long-lived asset test were primarily based on level 3 inputs of the fair value hierarchy.

In addition to this, we recognized impairment expense of $3.3 million during the third quarter of 2020 primarily associated with the full write-down of a non-core gas platform in our offshore transportation segment due to it not having a future use for our operations.

Asset Retirement Obligations

We record asset retirement obligations ("AROs") in connection with legal requirements to perform specified retirement activities under contractual arrangements and/or governmental regulations.

The following table presents information regarding our AROs since December 31, 2019:

ARO liability balance, December 31, 2019	$	175,081
Accretion expense		6,809
Changes in estimate		609
Settlements		(11,547)
ARO liability balance, September 30, 2020	$	170,952

Of the ARO balances disclosed above, $11.2 million and $26.6 million is included as current in "Accrued liabilities" on our Unaudited Condensed Consolidated Balance Sheet as of September 30, 2020 and December 31, 2019, respectively. The remainder of the ARO liability as of September 30, 2020 and December 31, 2019 is included in "Other long-term liabilities" on our Unaudited Condensed Consolidated Balance Sheet.

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

Remainder of	2020	$	2,619
	2021	$	9,493
	2022	$	9,513
	2023	$	10,183
	2024	$	10,900

Certain of our unconsolidated affiliates have AROs recorded at September 30, 2020 relating to contractual agreements and regulatory requirements. These amounts are immaterial to our Unaudited Condensed Consolidated Financial Statements.

7. 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 September 30, 2020 and December 31, 2019, the unamortized excess cost amounts totaled $339.2 million and $350.9 million, respectively. We amortize the excess cost as a reduction in equity earnings.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Genesis’ share of operating earnings	$ 18,312	$ 15,703	$ 52,834	$ 51,491
Amortization of excess purchase price	(3,873)	(3,873)	(11,618)	(11,618)
Net equity in earnings	$ 14,439	$ 11,830	$ 41,216	$ 39,873
Distributions received	$ 16,757	$ 19,512	$ 55,716	$ 58,058

The following tables present the unaudited balance sheet and income statement information (on a 100% basis) for Poseidon Oil Pipeline Company, L.L.C. ("Poseidon") (which is our most significant equity investment):

	September 30, 2020	December 31, 2019
BALANCE SHEET DATA:		
Assets		
Current assets	$ 30,868	$ 30,307
Fixed assets, net	175,628	187,091
Other assets	1,833	2,113
Total assets	$ 208,329	$ 219,511
Liabilities and equity		
Current liabilities	$ 11,047	$ 15,558
Other liabilities	240,527	245,976
Equity	(43,245)	(42,023)
Total liabilities and equity	$ 208,329	$ 219,511

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
INCOME STATEMENT DATA:				
Revenues	$ 35,351	$ 30,602	$ 98,662	$ 96,041
Operating income	$ 27,002	$ 21,745	$ 72,530	$ 69,705
Net income	$ 25,831	$ 19,431	$ 68,050	$ 62,576

Poseidon's Revolving Credit Facility

Borrowings under Poseidon's revolving credit facility, which was amended and restated in March 2019, are primarily used to fund spending on capital projects. The March 2019 credit facility is non-recourse to Poseidon's owners and secured by substantially all of Poseidon's assets and has a maturity date of March 2024. The March 2019 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 Condensed Consolidated Financial Statements.

8. Intangible Assets

The following table summarizes the components of our intangible assets at the dates indicated:

	September 30, 2020			December 31, 2019		
	Gross Carrying Amount	Accumulated Amortization	Carrying Value	Gross Carrying Amount	Accumulated Amortization	Carrying Value
Marine contract intangibles(1)	$ 800	$ 561	$ 239	$ 27,800	$ 23,033	$ 4,767
Offshore pipeline contract intangibles	158,101	42,992	115,109	158,101	36,752	121,349
Other	27,009	13,179	13,830	34,291	21,480	12,811
Total	$ 185,910	$ 56,732	$ 129,178	$ 220,192	$ 81,265	$ 138,927

(1) The contract intangible associated with the M/T American Phoenix became fully amortized and retired as of September 30, 2020.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Amortization of intangible assets	$ 4,555	$ 4,928	$ 12,817	$ 14,029

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

Remainder of 2020	$	2,781
2021	$	10,729
2022	$	10,571
2023	$	10,303
2024	$	9,988

9. Debt

Our obligations under debt arrangements consisted of the following:

	September 30, 2020			December 31, 2019		
	Principal	Unamortized Debt Issuance Costs [1]	Net Value	Principal	Unamortized Discount and Debt Issuance Costs [1]	Net Value
Senior secured credit facility	$ 984,800	$ —	$ 984,800	$ 959,300	$ —	$ 959,300
6.750% senior unsecured notes due 2022	—	—	—	750,000	9,349	740,651
6.000% senior unsecured notes due 2023	398,905	2,749	396,156	400,000	3,557	396,443
5.625% senior unsecured notes due 2024	341,135	3,177	337,958	350,000	3,923	346,077
6.500% senior unsecured notes due 2025	534,834	5,936	528,898	550,000	7,020	542,980
6.250% senior unsecured notes due 2026	400,712	4,883	395,829	450,000	6,214	443,786
7.750% senior unsecured notes due 2028	726,849	11,762	715,087	—	—	—
Total long-term debt	$ 3,387,235	$ 28,507	$ 3,358,728	$ 3,459,300	$ 30,063	$ 3,429,237

(1) Unamortized debt issuance costs associated with our senior secured credit facility (included in Other Long Term Assets on the Unaudited Condensed Consolidated Balance Sheet) were $6.9 million and $7.6 million as of September 30, 2020 and December 31, 2019, respectively.

As of September 30, 2020, 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 $1.7 billion senior secured credit facility, which are dependent on our leverage ratio (as defined in the credit agreement), are as follows:

- The interest rate on borrowings may be based on an alternate base rate or a Eurodollar rate, at our option. The alternate base rate is equal to the sum of (a) the greatest of (i) the prime rate as established by the administrative agent for the credit facility, (ii) the federal funds effective rate plus 0.5% of 1% and (iii) the LIBOR rate for a one-month maturity plus 1% and (b) the applicable margin. The Eurodollar rate is equal to the sum of (a) the LIBOR rate for the applicable interest period multiplied by the statutory reserve rate and (b) the applicable margin. The applicable margin varies from 1.75% to 3.50% on Eurodollar borrowings and from 0.75% to 2.50% on alternate base rate borrowings, depending on our leverage ratio. Our leverage ratio is recalculated quarterly and in connection with each material acquisition. At September 30, 2020, the applicable margins on our borrowings were 2.00% for alternate base rate borrowings and 3.00% for Eurodollar rate borrowings.
- Letter of credit fee rates range from 1.75% to 3.50% based on our leverage ratio as computed under the credit facility. The rate can fluctuate quarterly. At September 30, 2020, our letter of credit rate was 3.00%.
- We pay a commitment fee on the unused portion of the $1.7 billion maximum facility amount. The commitment fee rates on the unused committed amount will range from 0.25% to 0.50% per annum depending on our leverage ratio. At September 30, 2020, our commitment fee rate on the unused committed amount was 0.50%.
- The accordion feature is $300.0 million, giving us the ability to expand the size of the facility to up to $2.0 billion for acquisitions or growth projects, subject to lender consent.

On March 25, 2020, we amended our credit agreement. This amendment, among other things, (i) sets the maximum Consolidated Senior Secured Leverage Ratio (as defined in the credit agreement) at 3.25 to 1.00 throughout the remaining term of the facility, and (ii) allows us to purchase certain of our outstanding senior unsecured notes, subject to certain customary conditions.

On July 24, 2020, we further amended our credit agreement. This amendment increases our Consolidated Leverage Ratio from 5.50X to 5.75X from September 30, 2020 through March 31, 2021, after which time it reverts back to 5.50X for the remaining term of the agreement. Additionally, it decreases our Consolidated Interest Coverage Ratio from 3.0X to 2.75X from September 30, 2020 through March 31, 2021, after which time it reverts back to 3.0X for the remaining term of the agreement.

At September 30, 2020, we had $984.8 million borrowed under our $1.7 billion credit facility, with $27.8 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 $1.1 million was outstanding at September 30, 2020. 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 September 30, 2020 was $714.1 million, subject to compliance with covenants.

As a general rule, the assets and credit of our unrestricted subsidiaries are not available to satisfy the debts of Genesis Energy, L.P., Genesis Energy Finance Corporation or the Guarantor Subsidiaries (as defined below in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations), and the liabilities of our unrestricted subsidiaries do not constitute obligations of Genesis Energy, L.P., Genesis Energy Finance Corporation or the Guarantor Subsidiaries except, in the case of Genesis Alkali Holdings Company, LLC ("Alkali Holdings") and Genesis Energy, L.P., to the extent agreed to in the services agreement between Genesis Energy, L.P. and Alkali Holdings dated as of September 23, 2019 (the "Services Agreement").

Senior Unsecured Note Transactions

On January 16, 2020, we issued $750.0 million in aggregate principal amount of our 7.75% senior unsecured notes due February 15, 2028 (the “2028 Notes”). Interest payments are due February 1 and August 1 of each year with the initial interest payment due on August 1, 2020. That issuance generated net proceeds of $736.7 million net of issuance costs incurred. The net proceeds were used to purchase $527.9 million of our existing 6.75% senior unsecured notes due August 1, 2022 (the “2022 Notes”), including the related accrued interest and tender premium on those notes, and the remaining proceeds at the time were used to repay a portion of the borrowings outstanding under our revolving credit facility. On January 17, 2020 we called for redemption the remaining $222.1 million of our 2022 Notes, and they were redeemed on February 16, 2020. We incurred a total loss of approximately $23.5 million relating to the extinguishment of our 2022 senior unsecured notes, inclusive of our transactions costs and the write-off of the related unamortized debt issuance costs and discount, which is recorded in "Other income, net" in our Unaudited Consolidated Statements of Operations for the nine months ended September 30, 2020.

During 2020, we repurchased certain of our senior unsecured notes on the open market and recorded cancellation of debt income of $0.8 million and $20.5 million for the three and nine months ended September 30, 2020, respectively. These are recorded within "Other income, net" in our Unaudited Consolidated Statements of Operations.

10. Partners’ Capital, Mezzanine Capital and Distributions

At September 30, 2020, our outstanding common units consisted of 122,539,221 Class A units and 39,997 Class B units.

Distributions

We paid or will pay the following distributions to our common unitholders in 2019 and 2020:

Distribution For	Date Paid	Per Unit Amount	Total Amount
2019			
1st Quarter	May 15, 2019	$ 0.5500	$ 67,419
2nd Quarter	August 14, 2019	$ 0.5500	$ 67,419
3rd Quarter	November 14, 2019	$ 0.5500	$ 67,419
4th Quarter	February 14, 2020	$ 0.5500	$ 67,419
2020			
1st Quarter	May 15, 2020	$ 0.1500	$ 18,387
2nd Quarter	August 14, 2020	$ 0.1500	$ 18,387
3rd Quarter	November 13, 2020 (1)	$ 0.1500	$ 18,387

(1) This distribution was declared on October 6, 2020 and will be paid to unitholders of record as of October 30, 2020.

Class A Convertible Preferred Units

At September 30, 2020 we had 25,336,778 Class A Convertible Preferred Units (our "Class A Convertible Preferred Units") outstanding. Our Class A Convertible Preferred Units rank senior to all of our currently outstanding classes or series of limited partner interests with respect to distribution and/or liquidation rights. Holders of our Class A Convertible Preferred Units vote on an as-converted basis with holders of our common units and have certain class voting rights, including with respect to any amendment to the partnership agreement that would adversely affect the rights, preferences or privileges, or otherwise modify the terms, of those Class A Convertible Preferred Units.

Accounting for the Class A Convertible Preferred Units

Our Class A Convertible Preferred Units are considered redeemable securities under GAAP due to the existence of redemption provisions upon a deemed liquidation event that is outside our control. Therefore, we present them as temporary equity in the mezzanine section of the Unaudited Condensed Consolidated Balance Sheets. Because our Class A Convertible Preferred Units are not currently redeemable and we do not have plans or expect any events that constitute a change of control in our partnership agreement, we present our Class A Convertible Preferred Units at their initial carrying amount. However, we would be required to adjust that carrying amount if it becomes probable that we would be required to redeem our Class A Convertible Preferred Units.

Initial and Subsequent Measurement

We initially recognized our Class A Convertible Preferred Units at their issuance date fair value, net of issuance costs. We will not be required to adjust the carrying amount of our Class A Convertible Preferred Units until it becomes probable that they would become redeemable. Once redemption becomes probable, we would adjust the carrying amount of our Class A Convertible Preferred Units to the redemption value over a period of time comprising the date the feature first becomes probable and the date the units can first be redeemed. Our Class A Convertible Preferred Units contain a distribution Rate Reset Election (as defined in Note 15) option. This Rate Reset Election is bifurcated and accounted for separately as an embedded derivative and recorded at fair value at each reporting period. Refer to Note 15 and Note 16 for additional discussion.

Class A Convertible Preferred Unit distributions are recognized on the date in which they are declared. Paid-in-kind ("PIK") distributions were declared and issued as follows:

Distribution For	Date Issued	Number of Units (1)	Total Amount
2019			
1st Quarter	May 15, 2019	364,180	$ 12,277

(1) Subsequent to the first quarter of 2019, all distributions have been and will be paid in cash.

Net Income (Loss) Attributable to Genesis Energy, L.P. is reduced by Class A Convertible Preferred Unit distributions that accumulated during the period. Net income (loss) attributable to Genesis Energy, L.P. was reduced by $18.7 million and

$56.1 million for the three and nine months ended September 30, 2020, and $18.7 million and $55.8 million for the three and nine months ended September 30, 2019.

We paid or will pay the following cash distributions to our Class A Convertible Preferred unitholders in 2019 and 2020:

Distribution For	Date Paid		Per Unit Amount	Total Amount
2019				
1st Quarter	May 15, 2019		$ 0.2458	$ 6,138
2nd Quarter	August 14, 2019		$ 0.7374	$ 18,684
3rd Quarter	November 14, 2019		$ 0.7374	$ 18,684
4th Quarter	February 14, 2020		$ 0.7374	$ 18,684
2020				
1st Quarter	May 15, 2020		$ 0.7374	$ 18,684
2nd Quarter	August 14, 2020		$ 0.7374	$ 18,684
3rd Quarter	November 13, 2020	(1)	$ 0.7374	$ 18,684

(1) This distribution was declared on October 6, 2020 and will be paid to unitholders of record as of October 30, 2020.

Redeemable Noncontrolling Interests

On September 23, 2019, we, through a subsidiary, Alkali Holdings, entered into an amended and restated Limited Liability Company Agreement of Alkali Holdings (the "LLC Agreement") and a Securities Purchase Agreement (the "Securities Purchase Agreement") whereby certain investment fund entities affiliated with GSO Capital Partners LP (collectively "GSO") purchased $55,000,000 (or 55,000 Alkali Holdings preferred units) and committed to purchase up to $350,000,000 of preferred units in Alkali Holdings, the entity that holds our trona and trona-based exploring, mining, processing, producing, marketing and selling business, including its Granger facility near Green River, Wyoming. Alkali Holdings will use the net proceeds from the Alkali Holdings preferred units to fund up to 100% of the anticipated cost of expansion of the Granger facility. On April 14, 2020, we entered into an amendment to our agreements with GSO to, among other things, extend the construction timeline of the Granger expansion project by one year. In consideration for the amendment, we issued 1,750 Alkali Holdings preferred units to GSO, which was accounted for as issuance costs. As of September 30, 2020, there are 139,359 Alkali Holdings preferred units outstanding.

Accounting for Redeemable Noncontrolling Interests

Classification

The Alkali Holdings preferred units issued and outstanding are accounted for as a redeemable noncontrolling interest in the mezzanine section on our Unaudited Condensed Consolidated Balance Sheets due to the redemption features for a change of control.

Initial and Subsequent Measurement

We recorded the Alkali Holdings preferred units at their issuance date fair value, net of issuance costs. The fair value as of September 30, 2020 represents the carrying amount based on the issued and outstanding Alkali Holdings preferred units most probable redemption event on the six and a half year anniversary of the closing, which is the predetermined internal rate of return measure accreted using the effective interest method to the redemption value as of the reporting date. Net Income (Loss) Attributable to Genesis Energy, L.P. for the three months ended September 30, 2020 includes $4.2 million of adjustments, of which $3.5 million was allocated to the PIK distributions on the outstanding Alkali Holdings preferred units and $0.7 million was attributable to redemption accretion value adjustments. Additionally, Net Income (Loss) Attributable to Genesis Energy, L.P. for the nine months ended September 30, 2020 includes $12.4 million of adjustments, of which $10.2 million was allocated to the PIK distributions and $2.2 million was attributable to redemption accretion value adjustments. We elected to pay distributions for the period ended September 30, 2020 in-kind to our Alkali Holdings preferred unitholders. The unitholders liquidation preference is increased by new issuances and these PIK distributions and is reduced by tax distributions, which are required to be paid by us to fulfull the income tax liabilities of each holder of Alkali Holdings preferred units, paid to the unitholders.

As of the reporting date, there are no triggering, change of control, early redemption or monetization events that are probable that would require us to revalue the Alkali Holdings preferred units.

If the Alkali Holdings preferred units were redeemed on the reporting date of September 30, 2020, the redemption amount would be equal to $194.8 million, which would be the multiple of invested capital metric applied to the Alkali Holdings preferred units outstanding plus the make-whole amount on the undrawn minimum Alkali Holdings preferred units.

The following table shows the change in our redeemable noncontrolling interest balance from December 31, 2019 to September 30, 2020:

Balance as of December 31, 2019	$	125,133
Issuance of preferred units, net of issuance costs[(1)]		7,457
PIK distributions		10,216
Redemption accretion		2,178
Tax distributions	$	(7,509)
Balance as of September 30, 2020	$	137,475

(1) In July 2020, we submitted a tax call notice to GSO and issued 7,609 Alkali Holdings preferred units to satisfy the company's obligation to pay tax distributions.

11. Net Income (Loss) Per Common Unit

Basic net income per common unit is computed by dividing net income, after considering income attributable to our preferred unitholders, by the weighted average number of common units outstanding.

The dilutive effect of our Class A Convertible Preferred Units is calculated using the if-converted method. Under the if-converted method, these units are assumed to be converted at the beginning of the period (beginning with their respective issuance date), and the resulting common units are included in the denominator of the diluted net income per common unit calculation for the period being presented. Distributions declared in the period and undeclared distributions that accumulated during the period are added back to the numerator for purposes of the if-converted calculation. For the three and nine months ended September 30, 2020, the effect of the assumed conversion of the 25,336,778 Class A Convertible Preferred Units was anti-dilutive and was not included in the computation of diluted earnings per unit.

The following table reconciles net income (loss) and weighted average units used in computing basic and diluted net income (loss) per common unit (in thousands, except per unit amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net Income (Loss) Attributable to Genesis Energy L.P.	$ (29,717)	$ 17,557	$ (331,522)	$ 73,631
Less: Accumulated distributions attributable to Class A Convertible Preferred Units	(18,684)	(18,684)	(56,052)	(55,783)
Net Income (Loss) Available to Common Unitholders	$ (48,401)	$ (1,127)	$ (387,574)	$ 17,848
Weighted Average Outstanding Units	122,579	122,579	122,579	122,579
Basic and Diluted Net Income (Loss) per Common Unit	$ (0.39)	$ (0.01)	$ (3.16)	$ 0.15

12. Business Segment Information

We currently manage our businesses through four divisions that constitute our reportable segments:

- Offshore pipeline transportation – offshore transportation of crude oil and natural gas in the Gulf of Mexico;
- Sodium minerals and sulfur services – trona and trona-based exploring, mining, processing, producing, marketing and selling activities, as well as processing high sulfur (or "sour") gas streams for refineries to remove the sulfur, and selling the related by-product, NaHS;
- Onshore facilities and transportation – terminalling, blending, storing, marketing and transporting crude oil, petroleum products (primarily fuel oil, asphalt, and other heavy refined products) and CO_2 ;and
- Marine transportation – marine transportation to provide waterborne transportation of petroleum products and crude oil throughout North America.

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, depletion, amortization and accretion), 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 long-term incentive compensation 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	Sodium Minerals & Sulfur Services	Onshore Facilities & Transportation	Marine Transportation	Total
Three Months Ended September 30, 2020					
Segment margin (a)	$ 57,380	$ 27,592	$ 61,298	$ 15,587	$ 161,857
Capital expenditures (b)	$ 2,899	$ 19,225	$ 1,446	$ 5,273	$ 28,843
Revenues:					
External customers	$ 53,870	$ 208,909	$ 130,440	$ 49,906	$ 443,125
Intersegment (c)	23	(2,178)	149	2,006	$ —
Total revenues of reportable segments	$ 53,893	$ 206,731	$ 130,589	$ 51,912	$ 443,125
Three Months Ended September 30, 2019					
Segment margin (a)	$ 81,060	$ 55,258	$ 24,829	$ 14,672	$ 175,819
Capital expenditures (b)	$ 1,996	$ 26,415	$ 1,599	$ 12,741	$ 42,751
Revenues:					
External customers	$ 79,738	$ 279,416	$ 205,913	$ 56,630	$ 621,697
Intersegment (c)	—	(1,889)	(885)	2,774	$ —
Total revenues of reportable segments	$ 79,738	$ 277,527	$ 205,028	$ 59,404	$ 621,697
Nine Months Ended September 30, 2020					
Segment Margin (a)	$ 217,774	$ 89,357	$ 110,612	$ 52,727	$ 470,470
Capital expenditures (b)	$ 5,909	$ 67,662	$ 3,432	$ 22,998	$ 100,001
Revenues:					
External customers	$ 197,263	$ 648,987	$ 361,929	$ 163,336	$ 1,371,515
Intersegment (c)	23	(6,242)	(1,423)	7,642	$ —
Total revenues of reportable segments	$ 197,286	$ 642,745	$ 360,506	$ 170,978	$ 1,371,515
Nine Months Ended September 30, 2019					
Segment Margin (a)	$ 233,978	$ 171,602	$ 86,352	$ 41,563	$ 533,495
Capital expenditures (b)	$ 4,975	$ 75,258	$ 5,383	$ 29,665	$ 115,281
Revenues:					
External customers	$ 236,482	$ 833,278	$ 640,716	$ 166,015	$ 1,876,491
Intersegment (c)	—	(5,659)	(3,086)	8,745	$ —
Total revenues of reportable segments	$ 236,482	$ 827,619	$ 637,630	$ 174,760	$ 1,876,491

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Total assets by reportable segment were as follows:

	September 30, 2020	December 31, 2019
Offshore pipeline transportation	$ 2,202,649	$ 2,306,946
Sodium minerals and sulfur services	1,959,863	2,019,905
Onshore facilities and transportation	1,027,353	1,457,190
Marine transportation	724,929	772,383
Other assets	38,556	41,217
Total consolidated assets	$ 5,953,350	$ 6,597,641

(a) A reconciliation of total Segment Margin to net income (loss) attributable to Genesis Energy, L.P. for the periods is presented below.

(b) Capital expenditures include maintenance and growth capital expenditures, such as fixed asset additions (including enhancements to existing facilities and construction of growth projects) as well as contributions to equity investees, if any.

(c) Intersegment sales were conducted under terms that we believe were no more or less favorable than then-existing market conditions.

Reconciliation of total Segment Margin to net income (loss) attributable to Genesis Energy, L.P.:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Total Segment Margin	$ 161,857	$ 175,819	$ 470,470	$ 533,495
Corporate general and administrative expenses	(10,801)	(15,276)	(42,160)	(39,878)
Depreciation, depletion, amortization and accretion	(70,203)	(87,209)	(228,761)	(233,250)
Interest expense	(51,312)	(54,673)	(157,895)	(165,881)
Adjustment to exclude distributable cash generated by equity investees not included in income and include equity in investees net income (1)	(2,318)	(7,682)	(14,500)	(18,185)
Other non-cash items (2)	7,712	9,880	16,489	(7,223)
Cash payments from direct financing leases in excess of earnings (3)	(44,088)	(2,131)	(48,620)	(6,238)
Cancellation of debt income (4)	809	—	20,534	—
Loss on extinguishment of debt (4)	—	—	(23,480)	—
Differences in timing of cash receipts for certain contractual arrangements (5)	(13,052)	(1,249)	(29,180)	10,886
Impairment expense (6)	(3,331)	—	(280,826)	—
Provision for leased items no longer in use	(696)	461	(624)	833
Redeemable noncontrolling interest redemption value adjustments (7)	(4,149)	(272)	(12,394)	(272)
Income tax expense	(145)	(111)	(575)	(656)
Net income (loss) attributable to Genesis Energy, L.P.	$ (29,717)	$ 17,557	$(331,522)	$ 73,631

(1) Includes distributions attributable to the quarter and received during or promptly following such quarter.

(2) The three and nine months ended September 30, 2020 include a $6.7 million unrealized gain and $17.4 million unrealized gain, respectively, from the valuation of the embedded derivative associated with our Class A Convertible Preferred Units. The three and nine months ended September 30, 2019 include a $8.0 million unrealized gain and $0.3 million unrealized gain, respectively, from the valuation of the embedded derivative. Refer to Note 16 for details.

(3) Represents the net effect of adding cash receipts from direct financing leases and deducting expenses relating to direct financing leases. The the three and nine months ended September 30, 2020 include the cash we received associated with the exercise of a letter of credit we had issued to us as beneficiary from a customer that defaulted under our agreement.

(4) Refer to Note 9 for details surrounding the extinguishment of our 2022 notes and note repurchases.

(5) Includes the difference in timing of cash receipts from customers during the period and the revenue we recognize in accordance with GAAP on our related contracts.

(6) Refer to Note 6 for details surrounding impairment expense.

(7) Includes PIK distributions attributable to the period and accretion on the redemption feature.

13. Transactions with Related Parties

The transactions with related parties were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues:				
Revenues from services and fees to Poseidon(1)	$ 3,102	$ 3,019	$ 9,284	$ 9,420
Revenues from product sales to ANSAC	44,095	99,878	165,869	272,341
Costs and expenses:				
Amounts paid to our CEO in connection with the use of his aircraft	$ 165	$ 165	$ 495	$ 495
Charges for services from Poseidon(1)	231	240	734	742
Charges for services from ANSAC	528	1,020	1,989	3,356

(1) We own a 64% interest in Poseidon

Our CEO, Mr. Sims, owns an aircraft which is used by us for business purposes in the course of operations. We pay Mr. Sims a fixed monthly fee and reimburse the aircraft management company for costs related to our usage of the aircraft, including fuel and the actual out-of-pocket costs. Based on current market rates for chartering of private aircraft under long-term, priority arrangements with industry recognized chartering companies, we believe that the terms of this arrangement are no worse than what we could have expected to obtain in an arms-length transaction.

Poseidon

At September 30, 2020 and December 31, 2019, Poseidon owed us $1.9 million and $2.4 million, respectively, for services rendered.

We are the operator of Poseidon and provide management, administrative and pipeline operator services to Poseidon under an Operation and Management Agreement. Currently, that agreement renews automatically annually unless terminated by either party (as defined in the agreement). Our revenues for the three and nine months ended September 30, 2020 reflect $2.3 million and $6.8 million, respectively. Our revenues for the three and nine months ended September 30, 2019 reflect $2.2 million and $6.7 million, respectively of fees we earned through the provision of services under that agreement.

ANSAC

We (through a subsidiary of our Alkali Business) are a member of the American Natural Soda Ash Corp. ("ANSAC"), an organization whose purpose is promoting and increasing the use and sale of natural soda ash and other refined or processed sodium products produced in the U.S. and consumed in specified countries outside of the U.S. Members sell products to ANSAC to satisfy ANSAC’s sales commitments to its customers. ANSAC passes its costs through to its members using a pro rata calculation based on sales. Those costs include sales and marketing, employees, office supplies, professional fees, travel, rent, and certain other costs. Those transactions do not necessarily represent arm's length transactions and may not represent all costs we would otherwise incur if we operated our Alkali Business on a stand-alone basis. We also benefit from favorable shipping rates for our direct exports when using ANSAC to arrange for ocean transport.

ANSAC is considered a variable interest entity (VIE) because we experience certain risks and rewards from our relationship with it. As we do not exercise control over ANSAC and are not considered its primary beneficiary, we do not consolidate ANSAC. The ANSAC membership agreement provides that in the event an ANSAC member exits or the ANSAC cooperative is dissolved, the exiting members are obligated for their respective portion of the residual net assets or deficit of the cooperative. As of September 30, 2020, such amount is not estimable.

Net Sales to ANSAC were $44.1 million and $165.9 million during the three and nine months ended September 30, 2020 and were $99.9 million and $272.3 million during the three and nine months ended September 30, 2019. The costs charged to us by ANSAC, included in operating costs, were $0.5 million and $2.0 million during the three and nine months ended September 30, 2020 and were $1.0 million and $3.4 million during the three and nine months ended September 30, 2019.

Receivables from and payables to ANSAC as of September 30, 2020 and December 31, 2019 are as follows:

	September 30, 2020	December 31, 2019
Receivables:		
ANSAC	$ 26,106	$ 68,075
Payables:		
ANSAC	$ 305	$ 2,103

14. Supplemental Cash Flow Information

The following table provides information regarding the net changes in components of operating assets and liabilities.

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
(Increase) decrease in:		
Accounts receivable	$ 165,505	$ 6,294
Inventories	(24,674)	709
Deferred charges	17,616	135
Other current assets	(1,620)	(10,358)
Increase (decrease) in:		
Accounts payable	(59,477)	46,530
Accrued liabilities	(25,204)	(48,954)
Net changes in components of operating assets and liabilities	$ 72,146	$ (5,644)

Payments of interest and commitment fees were $138.3 million and $145.4 million for the nine months ended September 30, 2020 and September 30, 2019, respectively. We capitalized interest of $1.4 million and $2.9 million during the nine months ended September 30, 2020 and September 30, 2019, respectively.

At September 30, 2020 and September 30, 2019, we had incurred liabilities for fixed and intangible asset additions totaling $26.5 million and $17.7 million, respectively, that had not been paid at the end of the quarter, and, therefore, were not included in the caption "Payments to acquire fixed and intangible assets" under Cash Flows from Investing Activities in the Unaudited Condensed Consolidated Statements of Cash Flows.

15. Derivatives

Commodity Derivatives

We have exposure to commodity price changes related to our inventory and purchase commitments. We utilize derivative instruments (primarily futures and options contracts traded on the NYMEX) to hedge our exposure to commodity prices, primarily of crude oil, fuel oil and petroleum products. Our decision as whether to designate derivative instruments as fair value hedges for accounting purposes relates to our expectations of the length of time we expect to have the commodity price exposure and our expectations as to whether the derivative contract will qualify as highly effective under accounting guidance in limiting our exposure to commodity price risk. Most of the petroleum products, including fuel oil that we supply, cannot be hedged with a high degree of effectiveness with derivative contracts available on the NYMEX; therefore, we do not designate derivative contracts utilized to limit our price risk related to these products as hedges for accounting purposes. Typically we utilize crude oil and other petroleum products futures and option contracts to limit our exposure to the effect of fluctuations in petroleum products prices on the future sale of our inventory or commitments to purchase petroleum products, and we recognize any changes in fair value of the derivative contracts as increases or decreases in our cost of sales. The recognition of changes in fair value of the derivative contracts not designated as hedges for accounting purposes can occur in reporting periods that do not coincide with the recognition of gain or loss on the actual transaction being hedged. Therefore we will, on occasion, report gains or losses in one period that will be partially offset by gains or losses in a future period when the hedged transaction is completed.

We have designated certain crude oil futures contracts as hedges of crude oil inventory due to our expectation that these contracts will be highly effective in hedging our exposure to fluctuations in crude oil prices during the period that we expect to hold that inventory. We account for these derivative instruments as fair value hedges under the accounting guidance. Changes in the fair value of these derivative instruments designated as fair value hedges are used to offset related changes in the fair value of the hedged crude oil inventory. Any hedge ineffectiveness in these fair value hedges and any amounts excluded from effectiveness testing are recorded as a gain or loss in the Unaudited Condensed Consolidated Statements of Operations.

In accordance with NYMEX requirements, we fund the margin associated with our commodity derivative contracts traded on the NYMEX. The amount of the margin is adjusted daily based on the fair value of the commodity contracts. The margin requirements are intended to mitigate a party's exposure to market volatility and the associated contracting party risk. We offset fair value amounts recorded for our NYMEX derivative contracts against margin funding as required by the NYMEX in Current Assets - Other in our Unaudited Condensed Consolidated Balance Sheets.

Additionally, we enter into swap arrangements. Our Alkali Business relies on natural gas to generate heat and electricity for operations. We use a combination of commodity price swap contracts and future purchase contracts to manage our exposure to fluctuations in natural gas prices. The swap contracts fix the basis differential between NYMEX Henry Hub and NW Rocky Mountain posted prices. We do not designate these contracts as hedges for accounting purposes. We recognize any changes in fair value of the derivative contracts as increases or decreases in our cost of sales.

At September 30, 2020, we entered into the following outstanding derivative commodity contracts to economically hedge inventory or fixed price purchase commitments.

	Sell (Short) Contracts	Buy (Long) Contracts
Designated as hedges under accounting rules:		
Crude oil futures:		
Contract volumes (1,000 bbls)	444	—
Weighted average contract price per bbl	$ 38.55	$ —
Not qualifying or not designated as hedges under accounting rules:		
Crude oil futures:		
Contract volumes (1,000 bbls)	495	312
Weighted average contract price per bbl	$ 41.36	$ 42.97
Natural gas swaps:		
Contract volumes (10,000 MMBTU)	274	—
Weighted average price differential per MMBTU	$ 0.27	$ —
Natural gas futures:		
Contract volumes (10,000 MMBTU)	92	318
Weighted average contract price per MMBTU	$ 2.25	$ 2.48
Fuel oil futures:		
Contract volumes (1,000 bbls)	15	20
Weighted average contract price per bbl	$ 37.10	$ 37.05
Crude oil options:		
Contract volumes (1,000 bbls)	33	13
Weighted average premium received/paid	$ 0.82	$ 0.15

Financial Statement Impacts

Unrealized gains are subtracted from net income and unrealized losses are added to net income in determining cash flows from operating activities. To the extent that we have fair value hedges outstanding, the offsetting change recorded in the fair value of inventory is also eliminated from net income in determining cash flows from operating activities. Changes in margin deposits necessary to fund unrealized losses also affect cash flows from operating activities.

The following tables reflect the estimated fair value gain (loss) position of our derivatives at September 30, 2020 and December 31, 2019:

Fair Value of Derivative Assets and Liabilities

	Unaudited Condensed Consolidated Balance Sheets Location	Fair Value September 30, 2020	Fair Value December 31, 2019
Asset Derivatives:			
Commodity derivatives - futures and call options (undesignated hedges):			
Gross amount of recognized assets	Current Assets - Other	$ 1,139	$ 207
Gross amount offset in the Unaudited Condensed Consolidated Balance Sheets	Current Assets - Other	(1,139)	(207)
Net amount of assets presented in the Unaudited Condensed Consolidated Balance Sheets related to commodity derivatives		$ —	$ —
Natural Gas Swap (undesignated hedge)	Current Assets - Other	1,145	1,382
Commodity derivatives - futures and call options (designated hedges):			
Gross amount of recognized assets	Current Assets - Other	$ 690	$ 4
Gross amount offset in the Unaudited Condensed Consolidated Balance Sheets	Current Assets - Other	(690)	(4)
Net amount of assets presented in the Unaudited Condensed Consolidated Balance Sheets related to commodity derivatives		$ —	$ —
Liability Derivatives:			
Preferred Distribution Rate Reset Election (2)	Other long-term liabilities	(34,120)	(51,515)
Natural Gas Swap (undesignated hedge)	Accrued Liabilities	—	—
Commodity derivatives - futures and call options (undesignated hedges):			
Gross amount of recognized liabilities	Current Assets - Other (1)	$ (568)	$ (2,079)
Gross amount offset in the Unaudited Condensed Consolidated Balance Sheets	Current Assets - Other (1)	568	1,064
Net amount of liabilities presented in the Unaudited Condensed Consolidated Balance Sheets related to commodity derivatives		$ —	$ (1,015)
Commodity derivatives - futures and call options (designated hedges):			
Gross amount of recognized liabilities	Current Assets - Other (1)	$ (1,428)	$ (50)
Gross amount offset in the Unaudited Condensed Consolidated Balance Sheets	Current Assets - Other (1)	1,428	50
Net amount of liabilities presented in the Unaudited Condensed Consolidated Balance Sheets related to commodity derivatives		$ —	$ —

(1) These derivative liabilities have been funded with margin deposits recorded in our Unaudited Condensed Consolidated Balance Sheets under Current Assets - Other.

(2) Refer to Note 10 and Note 16 for additional discussion surrounding the Preferred Distribution Rate Reset Election derivative.

Our accounting policy is to offset derivative assets and liabilities executed with the same counterparty when a master netting arrangement exists. Accordingly, we also offset derivative assets and liabilities with amounts associated with cash margin. Our exchange-traded derivatives are transacted through brokerage accounts and are subject to margin requirements as established by the respective exchange. On a daily basis, our account equity (consisting of the sum of our cash balance and the fair value of our open derivatives) is compared to our initial margin requirement resulting in the payment or return of variation margin. As of September 30, 2020, we had a net broker receivable of approximately $4.6 million (consisting of initial margin of $4.0 million increased by $0.6 million of variation margin). As of December 31, 2019, we had a net broker receivable of approximately $0.9 million (consisting of initial margin of $0.8 million increased by $0.1 million of variation margin). At September 30, 2020 and December 31, 2019, none of our outstanding derivatives contained credit-risk related contingent features that would result in a material adverse impact to us upon any change in our credit ratings.

Preferred Distribution Rate Reset Election

A derivative feature embedded in a contract that does not meet the definition of a derivative in its entirety must be bifurcated and accounted for separately if the economic characteristics and risks of the embedded derivative are not clearly and closely related to those of the host contract. For a period of 30 days following (i) September 1, 2022 and (ii) each subsequent anniversary thereof, the holders of our Class A Convertible Preferred Units may make a one-time election to reset the quarterly distribution amount (a "Rate Reset Election") to a cash amount per Class A Convertible Preferred Unit equal to the amount that would be payable per quarter if a Class A Convertible Preferred Unit accrued interest on the Issue Price at an annualized rate equal to three-month LIBOR plus 750 basis points; provided, however, that such reset rate shall be equal to 10.75% if (i) such alternative rate is higher than the LIBOR-based rate and (ii) the then market price for our common units is then less than 110% of the Issue Price. The Rate Reset Election of our Class A Convertible Preferred Units represents an embedded derivative that must be bifurcated from the related host contract and recorded at fair value on our Unaudited Condensed Consolidated Balance Sheet. Corresponding changes in fair value are recognized in Other income, net in our Unaudited Condensed Consolidated Statement of Operations. At September 30, 2020, the fair value of this embedded derivative was a liability of $34.1 million. See Note 10 for additional information regarding our Class A Convertible Preferred Units and the Rate Reset Election.

Effect on Operating Results

		Amount of Gain (Loss) Recognized in Income			
		Three Months Ended September 30,		Nine Months Ended September 30,	
	Unaudited Condensed Consolidated Statements of Operations Location	2020	2019	2020	2019
Commodity derivatives - futures and call options:					
Contracts designated as hedges under accounting guidance	Onshore facilities and transportation product costs	$ (854)	$ 227	$ (11,061)	$ (492)
Contracts not considered hedges under accounting guidance	Onshore facilities and transportation product costs, sodium minerals and sulfur services operating costs	1,175	1,373	(2,842)	(6,718)
Total commodity derivatives		$ 321	$ 1,600	$ (13,903)	$ (7,210)
Natural Gas Swap Liability	Sodium minerals and sulfur services operating costs	$ 666	$ 81	$ 1,217	$ 1,316
Preferred Distribution Rate Reset Election	Other income, net	$ 6,689	$ 7,974	$ 17,395	$ 306

16. Fair-Value Measurements

We classify financial assets and liabilities into the following three levels based on the inputs used to measure fair value:

(1) Level 1 fair values are based on observable inputs such as quoted prices in active markets for identical assets and liabilities;

(2) Level 2 fair values are based on pricing inputs other than quoted prices in active markets for identical assets and liabilities and are either directly or indirectly observable as of the measurement date; and

(3) Level 3 fair values are based on unobservable inputs in which little or no market data exists.

As required by fair value accounting guidance, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Our assessment of the significance of a particular input to the fair value requires judgment and may affect the placement of assets and liabilities within the fair value hierarchy levels.

The following table sets forth by level within the fair value hierarchy our financial assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2020 and December 31, 2019.

	Fair Value at September 30, 2020			Fair Value at December 31, 2019		
Recurring Fair Value Measures	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Commodity derivatives:						
Assets	$ 1,829	$ 1,145	$ —	$ 211	$ 1,382	$ —
Liabilities	$ (1,996)	$ —	$ —	$ (2,129)	$ —	$ —
Preferred Distribution Rate Reset Election	$ —	$ —	$ (34,120)	$ —	$ —	$ (51,515)

Rollforward of Level 3 Fair Value Measurements

The following table provides a reconciliation of changes in fair value at the beginning and ending balances for our derivatives classified as level 3:

	Nine Months Ended September 30, 2020
Balance as of December 31, 2019	$ (51,515)
Unrealized gain for the period included in earnings	17,395
Balance as of September 30, 2020	$ (34,120)

Our commodity derivatives include exchange-traded futures and exchange-traded options contracts. The fair value of these exchange-traded derivative contracts is based on unadjusted quoted prices in active markets and is, therefore, included in Level 1 of the fair value hierarchy. The fair value of the swaps contracts was determined using market price quotations and a pricing model. The swap contracts were considered a level 2 input in the fair value hierarchy at September 30, 2020.

The fair value of the embedded derivative feature is based on a valuation model that estimates the fair value of our Class A Convertible Preferred Units with and without a Rate Reset Election. This model contains inputs, including our common unit price relative to the issuance price, the current dividend yield, credit spread, default probabilities, equity volatility and timing estimates which involve management judgment. Our equity volatility rate used to value our embedded derivative feature was 50% at September 30, 2020. A significant increase or decrease in the value of these inputs could result in a material change in fair value to this embedded derivative feature. Due to significant changes and fluctuations in the energy industry credit markets and our common unit price during the period, we recorded an unrealized gain of $6.7 million and $17.4 million, respectively, for the three and nine months ended September 30, 2020. These effects are recorded within "Other income, net" on the Unaudited Condensed Consolidated Statements of Operations.

See Note 15 for additional information on our derivative instruments.

Other Fair Value Measurements

We believe the debt outstanding under our credit facility approximates fair value as the stated rate of interest approximates current market rates of interest for similar instruments with comparable maturities. At September 30, 2020 our senior unsecured notes had a carrying value of $2.4 billion and fair value of $2.1 billion compared to a carrying value and fair value of $2.5 billion at December 31, 2019. The fair value of the senior unsecured notes is determined based on trade information in the financial markets of our public debt and is considered a Level 2 fair value measurement.

17. Commitments and Contingencies

We are subject to various environmental laws and regulations. Policies and procedures are in place to aid in monitoring compliance and detecting and addressing releases of crude oil from our pipelines or other facilities and from our mining operations relating to our Alkali Business; however, no assurance can be made that such environmental releases may not substantially affect our business.

We are subject to lawsuits in the normal course of business and examination by tax and other regulatory authorities. We do not expect such matters presently pending to have a material effect on our financial position, results of operations, or cash flows.

18. Subsequent Events

On October 30, 2020, we reached an agreement with a subsidiary of Denbury Inc. to transfer to them the ownership of our remaining CO2 assets, including the NEJD and Free State pipelines. As a part of the agreement, we will receive total consideration of $92.5 million, of which $22.5 million was paid in the fourth quarter of 2020 upon execution of the agreement, and the remaining $70 million will be paid in equal installments in each quarter during 2021. We will record a loss of approximately $21.5 million in the fourth quarter which represents the difference between the proceeds and the net book value of the assets transferred.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following information should be read in conjunction with our Unaudited Condensed Consolidated Financial Statements and accompanying notes included in this Quarterly Report on Form 10-Q. The following information and such Unaudited Condensed Consolidated Financial Statements should also be read in conjunction with the audited financial statements and related notes, together with our discussion and analysis of financial position and results of operations, included in our Annual Report on Form 10-K for the year ended December 31, 2019.

Included in Management's Discussion and Analysis of Financial Condition and Results of Operations are the following sections:

- Overview
- Results of Operations
- Liquidity and Capital Resources
- Guarantor Summarized Financial Information
- Non-GAAP Financial Measures
- Commitments and Off-Balance Sheet Arrangements
- Forward Looking Statements

Overview

We reported Net Loss Attributable to Genesis Energy, L.P. of $29.7 million during the three months ended September 30, 2020 ("2020 Quarter") compared to Net Income Attributable to Genesis Energy, L.P. of $17.6 million during the three months ended September 30, 2019 ("2019 Quarter"). Net Loss Attributable to Genesis Energy, L.P. in the 2020 Quarter was negatively impacted, relative to the 2019 Quarter, by: (i) lower segment margin of $14.0 million, which is inclusive of approximately $41 million of incremental cash receipts received in the 2020 Quarter and included in the 2020 Quarter's segment margin, associated with principal repayments on our direct financing lease; and (ii) lower non-cash revenues of $11.8 million within our offshore pipeline transportation and onshore facilities and transportation segments as a result of how we recognize revenue in accordance with GAAP on certain contracts. These decreases were partially offset by (i) lower depreciation, depletion and amortization expense of $15.8 million during the 2020 Quarter due to lower depreciation expense on our rail logistics assets as they were impaired during the second quarter of 2020; and (ii) lower interest expense of $3.4 million during the 2020 Quarter.

Cash flow from operating activities was $143.5 million for the 2020 Quarter compared to $136.1 million for the 2019 Quarter. This increase is primarily attributable to positive working capital changes and higher payments received under our direct financing lease during the 2020 Quarter offset by lower revenues amongst our operating segments, which is discussed further below under "Results of Operations."

Available Cash before Reserves (as defined below in "Non-GAAP Financial Measures") to our common unitholders was $70.7 million for the 2020 Quarter, a decrease of $11.8 million, or 14.3%, from the 2019 Quarter, primarily due to a decline in our reported Segment Margin. See "Non-GAAP Financial Measures" below for additional information on Available Cash before Reserves and Segment Margin.

Segment Margin (as defined below in "Non-GAAP Financial Measures") was $161.9 million for the 2020 Quarter, a decrease of $14.0 million, or 8%, from the 2019 Quarter. A more detailed discussion of our segment results and other costs is included below in "Results of Operations".

See "Non-GAAP Financial Measures" below for additional information on Available Cash before Reserves and Segment Margin.

Distribution

In October 2020, we declared our quarterly distribution to our common unitholders of $0.15 per unit related to the 2020 Quarter. With respect to our Class A Convertible Preferred Units, we declared a quarterly cash distribution of $0.7374 per Class A Convertible Preferred Unit (or $2.9496 on an annualized basis) for each Class A Convertible Preferred Unit held of record. These distributions will be payable on November 13, 2020 to unitholders of record at the close of business on October 30, 2020.

Covid-19 and Market Update

In March 2020, the World Health Organization categorized Covid-19 as a pandemic, and the President of the United States declared the Covid-19 outbreak a national emergency. Our operations, which fall within the energy, mining and transportation sectors, are considered critical and essential by the Department of Homeland Security's CISA and we have continued to operate our assets during this pandemic.

We have a designated internal management team to provide resources, updates, and support to our entire workforce during this pandemic, while maintaining a focus to ensure the safety and well-being of our employees, the families of our employees, and the communities in which our businesses operate. We will continue to act in the best interests of our employees, stakeholders, customers, partners, and suppliers and make any necessary changes as required by federal, state, or local authorities as we continue to actively monitor the situation.

Covid-19 has caused commodity prices to decline due to, among other things, reduced industrial activity and travel demand that are expected to continue in the near future. Additionally, actions taken by OPEC and other oil exporting nations beginning in early March 2020 caused additional significant declines and volatility in the price of oil and gas. These low and volatile commodity prices are expected to continue at least for the near-term and possibly longer, reflecting fears of a global recession and potential further global economic damage from Covid-19, including factory shutdowns, travel bans, closings of schools and stores, and cancellations of conventions and similar events, resulting in, among other things, reduced fuel demand, lower manufacturing activity, and high inventories of oil, natural gas, and petroleum products, which could further negatively impact oil, natural gas, and petroleum products and industrial products.

Due to the economic effects from commodity prices and Covid-19, demand and volumes throughout our businesses were negatively impacted beginning in the second quarter of 2020. As a result of lower current demand and the outlook for our crude-by-rail logistics assets, and rail becoming an uneconomic means of transportation for producers to get crude oil to their refineries, we identified a triggering event and subsequently recognized a non-cash impairment charge associated with these assets in our onshore facilities and transportation segment during the second quarter of 2020.

During the 2020 Quarter, demand and volumes in our businesses continued to be negatively impacted by Covid-19 and the economic effects from commodity prices. However, as we exited the 2020 Quarter, we believe we have begun to see a slight recovery in demand as certain regions of the United States and the world slowly begin their re-opening phases. Specifically, in our sodium minerals and sulfur services operating segment, domestic and ANSAC volume demand and NaHS demand in South America have shown signs of recovery that we expect to continue into the fourth quarter of 2020 and into 2021.

However, we will continue to monitor the market environment and will evaluate whether additional triggering events would indicate possible impairments of long-lived assets, intangible assets and goodwill. Management's estimates are based on numerous assumptions about future operations and market conditions, which we believe to be reasonable but are inherently uncertain. The uncertainties underlying our assumptions and estimates could differ significantly from actual results, including with respect to the duration and severity of the Covid-19 pandemic. In the current volatile economic environment and to the extent conditions further deteriorate, we may identify additional triggering events that may require future evaluations of the recoverability of the carrying value of our long-lived assets, intangible assets and goodwill, which could result in further impairment charges that could be material to our results of operations.

Although the potential future limitations and impact of Covid-19 are still unknown at this time, and although we tend to experience less demand for certain of our services and products when commodity prices decrease significantly over extended periods of time (and we expect a similar impact on demand when global restrictions are in place limiting the economy and industrial product use), we believe the fundamentals of our core businesses continue to remain strong and, given the current industry environment and capital market behavior, we have continued our focus on de-leveraging our balance sheet, which included the reduction of our distribution to common unitholders beginning in the first quarter of 2020 . We also took the opportunity to repurchase certain of our senior unsecured notes on the open market and recorded a gain of $20.5 million, which allowed us to reduce our overall outstanding indebtedness and related interest charges. Additionally, during the second quarter of 2020, given the current operating environment and our overall cost savings initiative, we recorded a one-time charge of approximately $13 million associated with certain severance and restructuring expenses. We began to realize a portion of our estimated cost savings associated with this initiative during the 2020 Quarter. During April 2020, we also amended our agreements with GSO associated with the expansion of our Granger soda ash facility to, among other things, extend the construction timeline of the project by as much as one year.

Results of Operations

Revenues and Costs and Expenses

Our revenues for the 2020 Quarter decreased $178.6 million, or 29%, from the 2019 Quarter and our total costs and expenses (excluding impairment expense) as presented on the Unaudited Condensed Consolidated Statements of Operations decreased $133.1 million, or 23%, between the two periods, with a net change to our operating income of $45.5 million.

A substantial portion of our revenues and costs are derived from the purchase and sale of crude oil and petroleum products in our crude oil marketing business, which is included in the onshore facilities and transportation segment, and revenues and costs associated with our Alkali Business, which is included in the sodium minerals and sulfur services segment. The decrease in our revenues and our costs and expenses between the 2020 Quarter and the 2019 Quarter is primarily attributable to: (i) decreases in crude oil and petroleum product prices and, to an extent, sales volumes; and (ii) lower sales volumes in our sodium minerals and sulfur services segment due to lower economic and market demand as a result of Covid-19 and lower contractual export pricing as it relates to our Alkali Business. Additionally, our offshore transportation segment experienced lower volumes and revenue due to Hurricanes Laura and Marco which impacted our assets in the Gulf of Mexico during the 2020 Quarter, and also resulted in an increase to our operating expenses due to the costs incurred to perform the required inspections and analysis on our assets. Depreciation, depletion, and amortization expense was $15.8 million lower during the 2020 Quarter as compared to the 2019 Quarter due to lower depreciation expense associated with our rail logistics assets, as they were impaired during the second quarter of 2020. We describe, in more detail, the impact on revenues and costs for each of our businesses below.

As it relates to our crude oil marketing business, the average closing prices for West Texas Intermediate crude oil on the New York Mercantile Exchange ("NYMEX") decreased 27% to $40.93 per barrel in the 2020 Quarter, as compared to $56.42 per barrel in the 2019 Quarter. Additionally, impacts from Covid-19 along with actions taken by OPEC and other oil exporting nations beginning in early March 2020 caused additional significant price declines and volatility in oil and gas prices. These low and volatile commodity prices are expected to continue at least for the near term and possibly longer. We would expect changes in crude oil prices to continue to proportionately affect our revenues and costs attributable to our purchase and sale of crude oil and petroleum products, producing minimal direct impact on Segment Margin, Net Income, and Available Cash before Reserves. We have limited our direct commodity price exposure related to crude oil and petroleum products through the broad use of fee-based service contracts, back-to-back purchase and sale arrangements, and hedges. As a result, changes in the price of crude oil would proportionately impact both our revenues and our costs, with a disproportionately smaller net impact on our Segment Margin. However, we do have some indirect exposure to certain changes in prices for oil, natural gas, and petroleum products, particularly if they are significant and extended. We tend to experience more demand for certain of our services when commodity prices increase significantly over extended periods of time, and we tend to experience less demand for certain of our services when commodity prices decrease significantly over extended periods of time. For additional information regarding certain of our indirect exposure to commodity prices, see our segment-by-segment analysis below and the section of our Annual Report entitled " Risks Related to Our Business."

As it relates to our Alkali Business, our revenues are derived from the extraction of trona, as well as the activities surrounding the processing and sale of natural soda ash and other alkali specialty products, including sodium sesquicarbonate (S-Carb) and sodium bicarbonate (Bicarb), and are a function of our selling prices and volume sold. We sell our products to an industry-diverse and worldwide customer base. Our selling prices are contracted at various times throughout the year and for different durations. Typically, our selling prices for volumes sold internationally and through ANSAC are contracted for the current year (in a majority of cases, annually) in the prior December and January of the current year, and our volumes priced and sold domestically are contracted at various times and can be of varying durations, often multi-year terms. Our sales volumes can fluctuate from period to period and are dependent upon many factors, of which the main drivers are the global market, customer demand and economic growth. Positive or negative changes to our revenue, through fluctuations in sales volumes or selling prices, can have a direct impact to Segment Margin, Net Income and Available Cash before Reserves as these fluctuations have a lesser impact to operating costs due to the fact that a portion of our costs are fixed in nature. Our costs, of which some are variable in nature and others are fixed in nature, relate primarily to the processing and producing of soda ash (and other alkali specialty products) and marketing and selling activities. In addition, costs include activities associated with mining and extracting trona ore, including energy costs and employee compensation. In our Alkali Business, during the 2020 Quarter as noted above, we had negative effects to our revenues (with a lesser impact to costs) due to lower sales volumes and lower export pricing of soda ash during the 2020 Quarter as a result of lower economic and market demand. For additional information, see our segment-by-segment analysis below.

In addition to our crude oil marketing business and Alkali Business discussed above, we continue to operate in our other core businesses including: (i) our offshore Gulf of Mexico crude oil and natural gas pipeline transportation and handling operations, focusing on integrated and large independent energy companies who make intensive capital investments (often in excess of billions of dollars) to develop numerous large reservoir, long-lived crude oil and natural gas properties; (ii) our sulfur services business, which is one of the leading producers and marketers of NaHS in North and South America; and (iii) our onshore-based refinery-centric operations located primarily in the Gulf Coast region of the U.S., which focus on providing a suite of services primarily to refiners. Refiners are the shippers of over 95% of the volumes transported on our onshore crude pipelines, and refiners contract for over 80% of the use of our inland barges, which are used primarily to transport intermediate refined products (not crude oil) between refining complexes. The shippers on our offshore pipelines are mostly integrated and large independent energy companies whose production is ideally suited for the vast majority of refineries along the Gulf Coast, unlike the lighter crude oil and condensates produced from numerous onshore shale plays. Their large-reservoir properties and the related pipelines and other infrastructure needed to develop them are capital intensive and yet, we believe, economically viable, in most cases, even in relatively low commodity price environments. Given these facts, we do not expect changes in commodity prices to impact our Net Income, Available Cash before Reserves or Segment Margin derived from our offshore Gulf of Mexico crude oil and natural gas pipeline transportation and handling operations in the same manner in which they impact our revenues and costs derived from the purchase and sale of crude oil and petroleum products.

Additionally, changes in certain of our operating costs between the respective quarters, such as those associated with our sodium minerals and sulfur services, offshore pipeline and marine transportation segments, are not correlated with crude oil prices. We discuss certain of those costs in further detail below in our segment-by-segment analysis.

Segment Margin

The contribution of each of our segments to total Segment Margin was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(in thousands)		*(in thousands)*	
Offshore pipeline transportation	$ 57,380	$ 81,060	$ 217,774	$ 233,978
Sodium minerals and sulfur services	27,592	55,258	89,357	171,602
Onshore facilities and transportation	61,298	24,829	110,612	86,352
Marine transportation	15,587	14,672	52,727	41,563
Total Segment Margin	$ 161,857	$ 175,819	$ 470,470	$ 533,495

We define Segment Margin as revenues less product costs, operating expenses, and segment general and administrative expenses, after eliminating gain or loss on sale of assets, plus or minus applicable Select Items. Although we do not necessarily consider all of our Select Items to be non-recurring, infrequent or unusual, we believe that an understanding of these Select Items is important to the evaluation of our core operating results. See "Non-GAAP Financial Measures" for further discussion surrounding total Segment Margin.

A reconciliation of total Segment Margin to Net Income (Loss) Attributable to Genesis Energy, L.P. for the periods presented is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Total Segment Margin	$ 161,857	$ 175,819	$ 470,470	$ 533,495
Corporate general and administrative expenses	(10,801)	(15,276)	(42,160)	(39,878)
Depreciation, depletion, amortization and accretion	(70,203)	(87,209)	(228,761)	(233,250)
Interest expense	(51,312)	(54,673)	(157,895)	(165,881)
Adjustment to exclude distributable cash generated by equity investees not included in income and include equity in investees net income (1)	(2,318)	(7,682)	(14,500)	(18,185)
Other non-cash items (2)	7,712	9,880	16,489	(7,223)
Cash payments from direct financing leases in excess of earnings (3)	(44,088)	(2,131)	(48,620)	(6,238)
Cancellation of debt income	809	—	20,534	—
Provision for leased items no longer in use	(696)	461	(624)	833
Differences in timing of cash receipts for certain contractual arrangements (4)	(13,052)	(1,249)	(29,180)	10,886
Loss on debt extinguishment (5)	—	—	(23,480)	—
Impairment expense	(3,331)	—	(280,826)	—
Redeemable noncontrolling interest redemption value adjustments (6)	(4,149)	(272)	(12,394)	(272)
Income tax expense	(145)	(111)	(575)	(656)
Net Income (Loss) Attributable to Genesis Energy, L.P.	$ (29,717)	$ 17,557	$(331,522)	$ 73,631

(1) Includes distributions attributable to the quarter and received during or promptly following such quarter.

(2) The three and nine months ended September 30, 2020 include a $6.7 million unrealized gain and a $17.4 million unrealized gain, respectively, from the valuation of the embedded derivative associated with our Class A Convertible Preferred Units. The three and nine months ended September 30, 2019 include a $8.0 million unrealized gain and a $0.3 million unrealized gain, respectively, from the valuation of the embedded derivative.

(3) Represents the net effect of adding cash receipts from direct financing leases and deducting expenses relating to direct financing leases. The the three and nine months ended September 30, 2020 include the cash we received associated with the exercise of a letter of credit we had issued to us as beneficiary from a customer that defaulted under our agreement.

(4) Includes the difference in timing of cash receipts from customers during the period and the revenue we recognize in accordance with GAAP on our related contracts.

(5) Includes our transaction costs associated with the tender of $527.9 million and redemption of $222.1 million of our 2022 Notes in the first quarter of 2020, along with the write-off of our unamortized issuance costs and discount associated with these notes.

(6) Includes PIK distributions attributable to the period and accretion on the redemption feature.

Offshore Pipeline Transportation Segment

Operating results and volumetric data for our offshore pipeline transportation segment are presented below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(in thousands)		*(in thousands)*	
Offshore crude oil pipeline revenue, excluding non-cash revenues	$ 52,157	$ 63,945	$ 182,741	$ 188,115
Offshore natural gas pipeline revenue, excluding non-cash revenues	8,166	17,043	31,805	41,391
Offshore pipeline operating costs, excluding non-cash expenses	(19,221)	(19,002)	(50,963)	(52,240)
Distributions from equity investments (1)	16,278	19,074	54,191	56,712
Offshore pipeline transportation Segment Margin	$ 57,380	$ 81,060	$ 217,774	$ 233,978
Volumetric Data 100% basis:				
Crude oil pipelines (average barrels/day unless otherwise noted):				
CHOPS	98,626	231,635	178,962	234,070
Poseidon	274,008	249,209	268,862	255,811
Odyssey	84,902	144,995	117,100	148,945
GOPL (3)	1,266	9,796	3,706	10,046
Total crude oil offshore pipelines	458,802	635,635	568,630	648,872
Natural gas transportation volumes (MMBtus/d)	265,465	396,408	337,039	420,595
Volumetric Data net to our ownership interest (2):				
Crude oil pipelines (average barrels/day unless otherwise noted):				
CHOPS	98,626	231,635	178,962	234,070
Poseidon	175,365	159,494	172,072	163,719
Odyssey	24,622	42,049	33,959	43,194
GOPL (3)	1,266	9,796	3,706	10,046
Total crude oil offshore pipelines	299,879	442,974	388,699	451,029
Natural gas transportation volumes (MMBtus/d)	83,833	151,864	112,501	162,396

(1) Offshore pipeline transportation Segment Margin includes distributions received from our offshore pipeline joint ventures accounted for under the equity method of accounting in 2020 and 2019, respectively.

(2) Volumes are the product of our effective ownership interest through the year, including changes in ownership interest, multiplied by the relevant throughput over the given year.

(3) One of our wholly-owned subsidiaries (GEL Offshore Pipeline, LLC, or "GOPL") owns our undivided interest in the Eugene Island pipeline system.

Three Months Ended September 30, 2020 Compared with Three Months Ended September 30, 2019

Offshore pipeline transportation Segment Margin for the 2020 Quarter decreased $23.7 million, or 29%, from the 2019 Quarter, primarily due to lower overall volumes on our crude oil and natural gas pipeline systems and a relative increase in operating costs. During the 2020 Quarter, our Gulf of Mexico assets experienced unplanned downtime and interruption from Hurricanes Laura and Marco as a result of producers shutting in during the storm and us taking the necessary precautions to remove all personnel from the platform assets that we operate and maintain. While the 2019 Quarter was negatively impacted by Hurricane Barry, the effects during the 2020 Quarter on our assets were more significant and longer lasting. In addition to the majority of our assets being shut in for approximately one to two weeks, our 100% owned CHOPS pipeline, although not damaged, has been out of service since August 26, 2020 due to damage at a junction platform that the CHOPS system goes up and over. We are currently in the process of undergoing the required regulatory inspections and analysis to address any platform issues caused by Hurricane Laura in an effort to safely return our assets to operation as soon as possible, and we incurred approximately $5 million of incremental operating costs in the 2020 Quarter associated with these efforts. During this time, we have successfully diverted all CHOPS barrels to our 64% owned and operated Poseidon oil pipeline system and expect to continue so during the fourth quarter of 2020. We expect volumes on our other offshore pipeline transportation assets to return to normal pre-hurricane levels in the fourth quarter of 2020, with the exception of unexpected downtime we incurred in October due to Hurricanes Delta and Zeta that impacted our operations by some 15 days.

Nine Months Ended September 30, 2020 Compared with Nine Months Ended September 30, 2019

Offshore pipeline transportation Segment Margin for the first nine months of 2020 decreased $16.2 million, or 7%, from the first nine months of 2019, primarily due to lower overall volumes on our crude oil and natural gas pipeline systems and a relative increase in operating costs. These lower volumes and higher operating costs are the results of: (i) unplanned downtime during 2020 as a result of Tropical Storm Cristobal and Hurricanes Laura and Marco; (ii) planned downtime, which in some cases was extended due to the economic environment (primarily in the second quarter of 2020); and (iii) the fact that the 2019 Segment Margin included volumes and margin contribution from one of our non-core gas pipelines that was abandoned near the end of 2019. These decreases were partially offset by increased volumes flowing from the Buckskin and Hadrian North production fields in 2020 (which had first oil towards the end of the second quarter of 2019), which is fully dedicated to our 100% owned SEKCO pipeline, and further downstream, our 64% owned Poseidon oil pipeline system.

Sodium Minerals and Sulfur Services Segment

Operating results for our sodium minerals and sulfur services segment were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Volumes sold:				
NaHS volumes (Dry short tons "DST")	28,105	26,806	80,129	97,076
Soda Ash volumes (short tons sold)	588,949	951,172	2,006,006	2,646,582
NaOH (caustic soda) volumes (dry short tons sold)	20,922	18,844	57,551	60,171
Revenues (in thousands):				
NaHS revenues, excluding non-cash revenues	$ 29,271	$ 30,793	$ 85,788	$ 114,795
NaOH (caustic soda) revenues	9,256	9,644	25,341	32,202
Revenues associated with Alkali Business	151,227	219,617	469,361	623,818
Other revenues	624	1,167	1,729	4,108
Total external segment revenues, excluding non-cash revenues(1)	$ 190,378	$ 261,221	$ 582,219	$ 774,923
Segment Margin (in thousands)	$ 27,592	$ 55,258	$ 89,357	$ 171,602
Average index price for NaOH per DST(2)	$ 697	$ 692	$ 681	$ 702

(1) Totals are for external revenues and costs prior to intercompany elimination upon consolidation.

(2) Source: IHS Chemical.

Three Months Ended September 30, 2020 Compared with Three Months Ended September 30, 2019

Sodium minerals and sulfur services Segment Margin for the 2020 Quarter decreased $27.7 million, or 50% from the 2019 Quarter, primarily due to lower volumes and pricing in our Alkali Business. During the 2020 Quarter, we experienced lower ANSAC and domestic sales volumes of soda ash relative to the 2019 Quarter due to the continued demand destruction from the worldwide economic shutdowns and uncertainty from the pandemic. This was coupled with lower export pricing due to supply and demand imbalances that existed at the time of our re-contracting phase in December 2019 and January 2020, which is expected to continue, to some extent, for at least the rest of 2020. While the soda ash volumes sold during the 2020 Quarter were relatively flat compared to the second quarter of 2020, we began to see an uptick in demand both domestically and on ANSAC volumes throughout the 2020 Quarter as certain regions of the world are beginning to re-open their economies and we expect continued demand recovery throughout the rest of 2020 and into 2021. In our refinery services business, we experienced a slight increase in NaHS volumes during the 2020 Quarter due to higher demand from certain of our domestic pulp and paper customers. Additionally, in South America (primarily in Peru),we began to see some recovery in demand from previous customer shut-ins amidst the spread of Covid-19 and we expect these volumes to continue recovering to their normal levels throughout the rest of 2020.

Nine Months Ended September 30, 2020 Compared with Nine Months Ended September 30, 2019

Sodium minerals and sulfur services Segment Margin for the first nine months of 2020 decreased $82.2 million, or 48%. This decrease is primarily due to lower volumes and pricing in our Alkali Business and lower NaHS volumes in our refinery services business. In our Alkali Business, the nine months ended September 30, 2020 was negatively impacted by lower demand for our soda ash volumes during 2020, primarily in the second and third quarters, as a result of economic shutdowns and uncertainty from the Covid-19 pandemic. This was coupled with lower export pricing due to supply and demand imbalances that existed at the time of our re-contracting phase in December 2019 and January 2020, which is expected to continue, to some extent, for at least the rest of 2020. In our refinery services business, we experienced a decline in NaHS volumes during 2020 due to lower demand from our mining customers in South America as a result of customer shut-ins, primarily in Peru, due to the spread of Covid-19 and we expect these volumes to return to normal levels later in 2020, and further upon the economy restrictions being lifted globally. This decline was coupled with lower demand from certain of our domestic mining and pulp and paper customers throughout the nine months ended September 30, 2020.

Onshore Facilities and Transportation Segment

Our onshore facilities and transportation segment utilizes an integrated set of pipelines and terminals, as well as trucks, railcars, and barges to facilitate the movement of crude oil and refined products on behalf of producers, refiners and other customers. This segment includes crude oil and refined products pipelines, terminals, rail facilities and CO_2 pipelines operating primarily within the United States Gulf Coast crude oil market. In addition, we utilize our railcar and trucking fleets that support the purchase and sale of gathered and bulk purchased crude oil, as well as purchased and sold refined products. Through these assets we offer our customers a full suite of services, including the following:

- facilitating the transportation of crude oil from producers to refineries and from owned and third party terminals to refiners via pipelines;
- transporting CO_2 from natural and anthropogenic sources to crude oil fields owned by our customers;
- shipping crude oil and refined products to and from producers and refiners via trucks, pipelines, and railcars;
- Unloading railcars at our crude-by-rail terminals;
- storing and blending of crude oil and intermediate and finished refined products;
- purchasing/selling and/or transporting crude oil from the wellhead to markets for ultimate use in refining; and
- purchasing products from refiners, transporting those products to one of our terminals and blending those products to a quality that meets the requirements of our customers and selling those products (primarily fuel oil, asphalt and other heavy refined products) to wholesale markets.

We also use our terminal facilities to take advantage of contango market conditions, to gather and market crude oil, and to capitalize on regional opportunities which arise from time to time for both crude oil and petroleum products. When we purchase and store crude oil during periods of contango, we attempt to limit direct commodity price risk by simultaneously entering into a contract to sell the inventory in a future period, either with a counterparty or in the crude oil futures market. During the 2020 Quarter, crude oil price markets were in contango, and we were able to use our available capacity to profit from this strategy during the period.

Despite crude oil being considered a somewhat homogeneous commodity, many refiners are very particular about the quality of crude oil feedstock they process. Many U.S. refineries have distinct configurations and product slates that require crude oil with specific characteristics, such as gravity, sulfur content and metals content. The refineries evaluate the costs to obtain, transport and process their preferred feedstocks. That particularity provides us with opportunities to help the refineries in our areas of operation identify crude oil sources and transport crude oil meeting their requirements. The imbalances and inefficiencies relative to meeting the refiners' requirements may also provide opportunities for us to utilize our purchasing and logistical skills and assets to meet their demands. The pricing in the majority of our crude oil purchase contracts contains a market price component and a deduction to cover the cost of transportation and to provide us with a margin. Contracts sometimes contain a grade differential which considers the chemical composition of the crude oil and its appeal to different customers. Typically, the pricing in a contract to sell crude oil will consist of the market price components and the grade differentials. The margin on individual transactions is then dependent on our ability to manage our transportation costs and to capitalize on grade differentials.

In our refined products marketing operations, we supply primarily fuel oil, asphalt and other heavy refined products to wholesale markets and some end-users such as paper mills and utilities. We also provide a service to refineries by purchasing "heavier" petroleum products that are the residual fuels from gasoline production, transporting them to one of our terminals and blending them to a quality that meets the requirements of our customers.

Operating results from our onshore facilities and transportation segment were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(in thousands)		*(in thousands)*	
Gathering, marketing, and logistics revenue	$ 115,929	$ 187,988	$ 311,066	$ 584,126
Crude oil and CO_2 pipeline tariffs and revenues from direct financing leases of CO_2 pipelines	14,208	16,080	48,214	50,332
Payments received under direct financing leases not included in income	44,088	2,131	48,620	6,238
Crude oil and petroleum products costs, excluding unrealized gains and losses from derivative transactions	(104,197)	(163,314)	(258,474)	(496,090)
Operating costs, excluding non-cash charges for long-term incentive compensation and other non-cash expenses	(15,895)	(20,466)	(52,265)	(57,455)
Other	7,165	2,410	13,451	(799)
Segment Margin	$ 61,298	$ 24,829	$ 110,612	$ 86,352
Volumetric Data (average barrels per day unless otherwise noted):				
Onshore crude oil pipelines:				
Texas	64,635	51,492	70,444	47,265
Jay	9,731	10,292	8,276	10,644
Mississippi	5,523	6,015	5,605	5,988
Louisiana (1)	73,482	115,519	99,490	114,337
Onshore crude oil pipelines total	153,371	183,318	183,815	178,234
CO_2 pipeline (average Mcf/day):				
Free State	90,649	76,914	106,530	86,294
Crude oil and petroleum products sales:				
Total crude oil and petroleum products sales	29,284	33,244	25,772	32,593
Rail unload volumes	3,860	78,696	33,907	87,745

(1) Total daily volume for the three and nine months ended September 30, 2020 include 33,874 and 35,676 barrels per day, respectively, of intermediate refined products associated with our Port of Baton Rouge Terminal pipelines. Total daily volume for the three and nine months ended September 30, 2019 includes 45,657 and 54,153 barrels per day of intermediate refined products associated with our Port of Baton Rouge Terminal pipelines.

Three Months Ended September 30, 2020 Compared with Three Months Ended September 30, 2019

Onshore facilities and transportation Segment Margin for the 2020 Quarter increased by $36.5 million, or 146.9%, from the 2019 Quarter primarily due to the 2020 Quarter including the receipt of a cash payment of approximately $41 million associated with the exercise of a letter of credit we had issued to us as beneficiary from a customer that defaulted under a twenty year term agreement. This increase was partially offset by lower volumes throughout our onshore facilities and transportation asset base, primarily in Louisiana at our Baton Rouge corridor assets and our Raceland rail facility. Due to the decline in crude oil prices and the collapse in the differential of Western Canadian Select (WCS) to the Gulf Coast, which has made crude-by-rail to the Gulf Coast uneconomic, the volumes at our Baton Rouge facilities were below our minimum take-or-pay levels and we were only able to recognize our minimum volume commitment in segment margin during the 2020 Quarter. We expect to only recognize our minimum volume commitment in segment margin through the rest of 2020 and as we enter 2021 due to the lower anticipated volumes and the prepaid transportation credits that our customer has accumulated over the last six months.

Nine Months Ended September 30, 2020 Compared with Nine Months Ended September 30, 2019

Onshore facilities and transportation Segment Margin for the nine months ended September 30, 2020 increased $24.3 million, or 28.1%, primarily due to: (i) 2020 including the receipt of a cash payment of approximately $41 million associated with the exercise of a letter of credit we had issued to us as beneficiary from a customer that defaulted under a twenty year term agreement, and (ii) higher volumes on our Texas system in 2020, which is capable of receiving and transporting barrels that originate in the Gulf of Mexico, including our 100% owned CHOPS pipeline, amongst others, to markets in Webster and Texas City. This was partially offset by the fact that the 2019 results included the receipt of a cash payment of $10 million associated with the resolution of a crude oil supply agreement and lower rail unload volumes during 2020 due to crude-by-rail to the Gulf Coast becoming uneconomic as a result of the decline in crude oil prices and the collapse in the differential of Western Canadian Select (WCS) to the Gulf Coast.

Marine Transportation Segment

Within our marine transportation segment, we own a fleet of 91 barges (82 inland and 9 offshore) with a combined transportation capacity of 3.2 million barrels, 42 push/tow boats (33 inland and 9 offshore), and a 330,000 barrel ocean going tanker, the M/T American Phoenix. Operating results for our marine transportation segment were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Revenues (in thousands):				
Inland freight revenues	$ 21,347	$ 26,237	$ 74,724	$ 77,675
Offshore freight revenues	21,132	19,975	64,491	56,547
Other rebill revenues [1]	9,433	13,192	31,763	40,538
Total segment revenues	$ 51,912	$ 59,404	$ 170,978	$ 174,760
Operating costs, excluding non-cash charges for long-term incentive compensation and other non-cash expenses	$ 36,325	$ 44,732	$ 118,251	$ 133,197
Segment Margin (in thousands)	$ 15,587	$ 14,672	$ 52,727	$ 41,563
Fleet Utilization: [2]				
Inland Barge Utilization	74.0 %	97.2 %	85.0 %	97.5 %
Offshore Barge Utilization	95.7 %	92.4 %	97.3 %	94.2 %

(1) Under certain of our marine contracts, we "rebill" our customers for a portion of our operating costs.

(2) Utilization rates are based on a 365 day year, as adjusted for planned downtime and dry-docking.

Three Months Ended September 30, 2020 Compared with Three Months Ended September 30, 2019

Marine transportation Segment Margin for the 2020 Quarter increased $0.9 million, or 6%, from the 2019 Quarter. During the 2020 Quarter, in our offshore barge operation, we benefited from the continual improving rates in the spot and short term markets coupled with increased utilization relative to the 2019 Quarter. This was partially offset by lower utilization and day rates in our inland business. We expect to see continued pressure on our utilization, and to an extent, the spot rates in our inland business as Midwest and Gulf Coast refineries continue to lower their utilization rates to better align with overall demand as a result of Covid-19 and the current operating environment. Additionally, the five year contract associated with our M/T American Phoenix tanker ended on September 30, 2020. We have re-contracted the tanker beginning in the fourth quarter of 2020 at a marginally lower rate and shorter term. We have continued to enter into short term contracts (less than a year) in both the inland and offshore (including the M/T American Phoenix) markets because we believe the day rates currently being offered by the market have yet to fully recover from their cyclical lows.

Nine Months Ended September 30, 2020 Compared with Nine Months Ended September 30, 2019

Marine transportation Segment Margin for the nine months ended September 30, 2020 increased $11.2 million, or 27%. During 2020, in our offshore barge operation, we benefited from the continual improving rates in the spot and short term markets coupled with increased utilization relative to 2019. In our inland business, 2020 day rates increased relative to 2019 over the nine month periods, which more than offset the lower utilization. We expect to see continued pressure on our utilization, and to an extent, the spot rates on our inland business as Midwest and Gulf Coast refineries continue to lower their utilization rates to better align with overall demand as a result of Covid-19 and the current operating environment. We have continued to enter into short term contracts (less than a year) in both the inland and offshore markets because we believe the day rates currently being offered by the market have yet to fully recover from their cyclical lows.

Other Costs, Interest, and Income Taxes

General and administrative expenses

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(in thousands)		*(in thousands)*	
General and administrative expenses not separately identified below:				
Corporate	$ 9,846	$ 9,856	$ 44,003	$ 30,384
Segment	1,048	1,065	3,186	3,283
Long-term incentive compensation expense	143	1,114	(1,387)	3,008
Third party costs related to business development activities and growth projects	35	2,964	56	3,422
Total general and administrative expenses	$ 11,072	$ 14,999	$ 45,858	$ 40,097

Three Months Ended September 30, 2020 Compared with Three Months Ended September 30, 2019

Total general and administrative expenses for the 2020 Quarter decreased by $3.9 million primarily due to the 2019 Quarter including third party transaction costs associated with the closing of our financing transaction for the Granger expansion. Additionally, the 2020 Quarter had lower long term incentive compensation expense due to the assumptions used to value our outstanding awards for each respective period.

Nine Months Ended September 30, 2020 Compared with Nine Months Ended September 30, 2019

Total general and administrative expenses for the nine months ended September 30, 2020 increased by $5.8 million primarily due to the effects of a one-time charge of approximately $13 million related to certain severance and restructuring expenses incurred during the second quarter of 2020. This was partially offset by lower long-term incentive compensation expense due to the effect of changes in assumptions used to value our outstanding awards and lower third party costs associated with business development activities and growth projects during 2020 as 2019 included costs associated with the closing of our financing transaction for the Granger expansion.

Depreciation, depletion, and amortization expense

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(in thousands)		*(in thousands)*	
Depreciation and depletion expense	$ 63,103	$ 78,432	$ 209,238	$ 225,594
Amortization expense	4,630	4,928	12,972	14,029
Amortization of CO_2 volumetric production payments	—	162	—	890
Total depreciation, depletion and amortization expense	$ 67,733	$ 83,522	$ 222,210	$ 240,513

Three Months Ended September 30, 2020 Compared with Three Months Ended September 30, 2019

Total depreciation, depletion, and amortization expense for the 2020 Quarter decreased by $15.8 million. This decrease is primarily due to lower depreciation expense in the 2020 Quarter associated with our rail logistics assets as they were impaired during the second quarter of 2020. Additionally, the 2019 Quarter included an increase in depreciation charges associated with one of our non-core gas offshore assets in which the abandonment timing was accelerated.

Nine Months Ended September 30, 2020 Compared with Nine Months Ended September 30, 2019

Total depreciation, depletion, and amortization expense for the nine months ended September 30, 2020 decreased $18.3 million. This decrease is primarily due to lower depreciation expense in 2020 associated with our rail logistics assets as they were impaired during the second quarter of 2020. Additionally, the nine months ended September 30, 2019 included an increase in depreciation charges associated with one of our non-core gas offshore assets in which the abandonment timing was accelerated and higher overall amortization expense.

Impairment Expense

As previously discussed, during the nine months ended September 30, 2020, we recorded impairment expense of approximately $277 million associated with the rail logistics assets included within our onshore facilities and transportation segment. We also recorded approximately $3 million of impairment expense in the 2020 Quarter associated with the full write-off of one of our non-core offshore gas platforms which does not have a future use with our operations.

Interest expense, net

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
	(in thousands)		*(in thousands)*	
Interest expense, senior secured credit facility (including commitment fees)	$ 9,415	$ 13,572	$ 29,824	$ 42,034
Interest expense, senior unsecured notes	39,842	39,547	122,402	118,641
Amortization of debt issuance costs and discount	2,454	2,695	7,045	8,065
Capitalized interest	(399)	(1,141)	(1,376)	(2,859)
Net interest expense	$ 51,312	$ 54,673	$ 157,895	$ 165,881

Three Months Ended September 30, 2020 Compared with Three Months Ended September 30, 2019

Net interest expense for the 2020 Quarter decreased $3.4 million primarily due to a lower interest rate on our revolving credit facility during the period. The decline in our interest rate during the 2020 Quarter is due to the decrease in LIBOR rates during the 2020 Quarter, which is one of the main drivers of interest expense on our credit facility. Additionally, we have repurchased a total of $97.6 million of our senior unsecured notes on the open market during 2020 for a gain of $20.5 million, which reduced our overall outstanding indebtedness and interest expense during the period.

These decreases were partially offset by higher interest expense on our senior unsecured notes and lower capitalized interest during the 2020 Quarter. On January 16, 2020, we issued our $750 million 2028 Notes that accrue interest at 7.75%, and we purchased and extinguished $527.9 million of our $750 million 2022 Notes that accrued interest at 6.75% on January 15, 2020 through a tender offer and we redeemed the remaining $222.1 million of our 2022 Notes on February 16, 2020.

Nine Months Ended September 30, 2020 Compared with Nine Months Ended September 30, 2019

Net interest expense for the nine months ended September 30, 2020 decreased by $8.0 million primarily due to a lower interest rate on our revolving credit facility during the period. The decline in our interest rate during 2020 is due to the decrease in LIBOR rates during the period, which is one of the main drivers of interest expense on our credit facility. Additionally, we repurchased a total of $97.6 million of our senior unsecured notes on the open market during 2020 for a gain of $20.5 million, which reduced our overall outstanding indebtedness and interest expense during the year.

These decreases were partially offset by higher interest expense on our senior unsecured notes and lower capitalized interest during the 2020 Quarter. On January 16, 2020, we issued our $750 million 2028 Notes that accrue interest at 7.75%, and we purchased and extinguished $527.9 million of our $750 million 2022 Notes that accrued interest at 6.75% on January 15, 2020 through a tender offer and we redeemed the remaining $222.1 million of our 2022 Notes on February 16, 2020.

Income tax expense

A portion of our operations are owned by wholly-owned corporate subsidiaries that are taxable as corporations. As a result, a substantial portion of the income tax expense we record relates to the operations of those corporations, and will vary from period to period as a percentage of our income before taxes based on the percentage of our income or loss that is derived from those corporations. The balance of the income tax expense we record relates to state taxes imposed on our operations that are treated as income taxes under generally accepted accounting principles and foreign income taxes.

Liquidity and Capital Resources

General

As of September 30, 2020, our balance sheet and liquidity position remained strong, including $714.1 million of remaining borrowing capacity under our $1.7 billion senior secured revolving credit facility. We anticipate that our future internally-generated funds and the funds available under our credit facility will allow us to meet our ordinary course capital needs. Our primary sources of liquidity have been cash flows from operations, borrowing availability under our credit facility and the proceeds from issuances of equity and senior unsecured notes.

Our primary cash requirements consist of:

- working capital, primarily inventories and trade receivables and payables;
- routine operating expenses;
- capital growth and maintenance projects;
- acquisitions of assets or businesses;
- payments related to servicing and reducing outstanding debt; and
- quarterly cash distributions to our preferred and common unitholders.

Capital Resources

Our ability to satisfy future capital needs will depend on our ability to raise substantial amounts of additional capital from time to time — including through equity and debt offerings (public and private), borrowings under our credit facility and other financing transactions—and to implement our growth strategy successfully. No assurance can be made that we will be able to raise necessary funds on satisfactory terms or implement our growth strategy successfully.

At September 30, 2020, our long-term debt totaled approximately $3,358.7 million, which is a reduction of $73.9 million sequentially from June 30, 2020, and consists of $984.8 million outstanding under our credit facility (including $27.8 million borrowed under the inventory sublimit tranche) and $2,374 million of senior unsecured notes, comprising $396.2 million carrying amount due on May 15, 2023, $338.0 million carrying amount due on June 15, 2024, $528.9 million carrying amount due October 2025, $395.8 million carrying amount due May 2026, and $715.1 million carrying amount due February 15, 2028. Given the market conditions during 2020, we continued to take the opportunity to repurchase certain of our senior unsecured notes. As of September 30, 2020, we have repurchased approximately $97.5 million of our senior unsecured notes on the open market in exchange for $77.0 million, which was borrowed under our credit facility, and reduced our total indebtedness by $20.5 million. We remain focused on continuing to be a net payer of debt and reducing our operating leverage.

On September 23, 2019, we announced the expansion of our existing Granger facility (the "Granger Optimization Project" or "GOP"). We entered into agreements with GSO for the purchase of up to approximately $350 million of preferred units of Alkali Holdings. The proceeds received from GSO will fund up to 100% of the anticipated cost of the GOP. On April 14, 2020, we entered into an amendment to our agreements with GSO to, among other things, extend the construction timeline of the Granger expansion project by one year. The extended completion date of the project is anticipated in late 2023. The Alkali Holdings preferred unitholders will receive PIK distributions in lieu of cash distributions during the new anticipated construction period. The expansion is expected to increase our production at the Granger facilities by approximately 750,000 tons per year.

Equity Distribution Program and Shelf Registration Statements

We have the ability to issue additional equity and debt securities in the future to assist us in meeting our future liquidity requirements, particularly those related to opportunistically acquiring assets and businesses and constructing new facilities and refinancing outstanding debt.

In 2016, we implemented an equity distribution program that allowed us to consummate “at the market” offerings of common units from time to time through brokered transactions. In connection with implementing our equity distribution program, we filed a universal shelf registration statement (our "EDP Shelf") with the SEC. Our EDP Shelf expired in October 2020 and we have no plans to file a replacement EDP Shelf. We did not issue any units under this program.

We have another universal shelf registration statement (our "2018 Shelf") on file with the SEC. Our 2018 Shelf allows us to issue an unlimited amount of equity and debt securities in connection with certain types of public offerings. However, the receptiveness of the capital markets to an offering of equity and/or debt securities cannot be assured and may be negatively impacted by, among other things, our long-term business prospects and other factors beyond our control, including market conditions. Our 2018 Shelf will expire in April 2021. We expect to file a replacement universal shelf registration statement before our 2018 Shelf expires.

Cash Flows from Operations

We generally utilize the cash flows we generate from our operations to fund our distributions and working capital needs. Excess funds that are generated are used to repay borrowings under our credit facility and/or to fund a portion of our capital expenditures and asset retirement obligations (if any). Our operating cash flows can be impacted by changes in items of working capital, primarily variances in the carrying amount of inventory and the timing of payment of accounts payable and accrued liabilities related to capital expenditures.

We typically sell our purchased crude oil in the same month in which we acquire it, so we do not need to rely on borrowings under our credit facility to pay for such crude oil purchases, other than inventory. During such periods, our accounts receivable and accounts payable generally move in tandem, as we make payments and receive payments for the purchase and sale of crude oil.

In our petroleum products onshore facilities and transportation activities, we purchase products and typically either move those products to one of our storage facilities for further blending or sell those products within days of our purchase. The cash requirements for these activities can result in short term increases and decreases in our borrowings under our credit facility.

In our Alkali Business, we typically extract trona from our mining facilities, process it into soda ash and other alkali products, and deliver and sell the alkali products to our customers all within a relatively short time frame. If we do experience any differences in timing of extraction, processing and sales of our trona or alkali products, it could impact the cash requirements for these activities in the short term.

The storage of our inventory of crude oil and petroleum products can have a material impact on our cash flows from operating activities. In the month we pay for the stored crude oil or petroleum products, we borrow under our credit facility (or use cash on hand) to pay for the crude oil or petroleum products, utilizing a portion of our operating cash flows. Conversely, cash flow from operating activities increases during the period in which we collect the cash from the sale of the stored crude oil or petroleum products. Additionally, we may be required to deposit margin funds with the NYMEX when commodity prices increase as the value of the derivatives utilized to hedge the price risk in our inventory fluctuates. These deposits also impact our operating cash flows as we borrow under our credit facility or use cash on hand to fund the deposits.

See Note 14 in our Unaudited Condensed Consolidated Financial Statements for information regarding changes in components of operating assets and liabilities for the nine months ended September 30, 2020 and September 30, 2019.

Net cash flows provided by our operating activities for the nine months ended September 30, 2020 were $295.6 million compared to $331.7 million for the nine months ended September 30, 2019. This decrease is primarily attributable to lower segment margin and transactions costs incurred during 2020 associated with the tender and redemption of our previously held 2022 Notes, partially offset by positive changes in working capital.

Capital Expenditures, Distributions and Certain Cash Requirements

We use cash primarily for our operating expenses, working capital needs, debt service, acquisition activities, organic growth projects, maintenance capital expenditures and distributions we pay to our preferred and common unitholders. We finance maintenance capital expenditures and smaller organic growth projects and distributions primarily with cash generated by our operations. We have historically funded material growth capital projects (including acquisitions and organic growth projects) with borrowings under our credit facility, equity issuances and/or issuances of senior unsecured notes. We currently plan to allocate a substantial portion of our excess cash flow to reduce the balance outstanding under our revolving credit facility and to opportunistically repurchase our outstanding senior unsecured notes.

Capital Expenditures

A summary of our expenditures for fixed assets, business and other asset acquisitions for the nine months ended September 30, 2020 and September 30, 2019 is as follows**:**

	Nine Months Ended September 30,	
	2020	2019
	(in thousands)	
Capital expenditures for fixed and intangible assets:		
Maintenance capital expenditures:		
Offshore pipeline transportation assets	$ 3,641	$ 4,870
Sodium minerals and sulfur services assets	23,647	32,653
Marine transportation assets	22,998	29,665
Onshore facilities and transportation assets	2,988	1,989
Information technology systems	213	909
Total maintenance capital expenditures	53,487	70,086
Growth capital expenditures:		
Offshore pipeline transportation assets	2,268	105
Sodium minerals and sulfur services assets	44,015	42,605
Marine transportation assets	—	—
Onshore facilities and transportation assets	444	3,394
Information technology systems	4,175	1,798
Total growth capital expenditures	50,902	47,902
Total capital expenditures	$ 104,389	$ 117,988

Expenditures for capital assets to grow the partnership distribution will depend on our access to debt and equity capital. We will look for opportunities to acquire assets from other parties that meet our criteria for stable cash flows. We continue to pursue a long-term growth strategy that may require significant capital.

Growth Capital Expenditures

On September 23, 2019, we announced the Granger Optimization Project. We entered into agreements with GSO for the purchase of up to approximately $350 million of preferred units (or 350,000 preferred units) of Alkali Holdings. The proceeds received from GSO will fund up to 100% of the anticipated cost of the GOP. On April 14, 2020, we entered into an amendment to our agreements with GSO to, among other things, extend the construction timeline of the Granger expansion project by one year. The extended completion date of the project is anticipated in late 2023. We issued 1,750 preferred units to GSO in consideration for the amendment. The Alkali Holdings preferred unitholders will receive PIK distributions in lieu of cash distributions during the new anticipated construction period. As of September 30, 2020 we had issued 139,359 Alkali Holdings preferred units. The expansion is expected to increase our production at the Granger facilities by approximately 750,000 tons per year.

Except for the Granger Optimization Project, we do not anticipate spending material growth capital expenditures on any individual projects during the rest of 2020.

Maintenance Capital Expenditures

Maintenance capital expenditures incurred during 2020 primarily relate to expenditures in our Alkali Business and in our marine transportation segment. Our Alkali Business, which is included in our sodium minerals and sulfur services segment, incurs expenditures to maintain its equipment and facilities due to the nature of its operations. Our marine transportation segment incurs expenditures as we frequently replace and upgrade certain equipment associated with our barge and vessel fleet during our planned and unplanned drydocks. See further discussion under "Available Cash before Reserves" for how such maintenance capital utilization is reflected in our calculation of Available Cash before Reserves.

Distributions to Unitholders

On November 13, 2020, we will pay a distribution of $0.15 per common unit totaling $18.4 million with respect to the 2020 Quarter. Information on our recent distribution history is included in Note 10 to our Unaudited Condensed Consolidated Financial Statements.

With respect to our Class A Convertible Preferred Units, we declared a quarterly cash distribution of $0.7374 per Class A Convertible Preferred Unit (or $2.9496 on an annualized basis) for each Class A Convertible Preferred Unit held of record. These distributions will be payable on November 13, 2020 to unitholders of record at the close of business on October 30, 2020.

Guarantor Summarized Financial Information

Our $2.4 billion aggregate principal amount of senior unsecured notes co-issued by Genesis Energy, L.P. and Genesis Energy Finance Corporation are fully and unconditionally guaranteed jointly and severally by all of Genesis Energy, L.P.'s current and future 100% owned domestic subsidiaries (the "Guarantor Subsidiaries), except the subsidiaries that hold our Alkali Business (collectively, the "Alkali Subsidiaries"), Genesis Free State Pipeline, LLC, Genesis NEJD Pipeline, LLC, and certain other subsidiaries. Genesis NEJD Pipeline, LLC is 100% owned by Genesis Energy, L.P., the parent company. The remaining non-guarantor subsidiaries are owned by Genesis Crude Oil, L.P., a Guarantor Subsidiary. The Guarantor Subsidiaries largely own the assets that we use to operate our business other than our Alkali Business. As a general rule, the assets and credit of our unrestricted subsidiaries are not available to satisfy the debts of Genesis Energy, L.P., Genesis Energy Finance Corporation or the Guarantor Subsidiaries, and the liabilities of our unrestricted subsidiaries do not constitute obligations of Genesis Energy, L.P., Genesis Energy Finance Corporation or the Guarantor Subsidiaries except, in the case of Alkali Holdings and Genesis Energy, L.P., to the extent agreed to in the Services Agreement. Genesis Energy Finance Corporation has no independent assets or operations. See Note 9 for additional information regarding our consolidated debt obligations.

The guarantees are senior unsecured obligations of each Guarantor Subsidiary and rank equally in right of payment with other existing and future senior indebtedness of such Guarantor Subsidiary, and senior in right of payment to all existing and future subordinated indebtedness of such Guarantor Subsidiary. The guarantee of our senior unsecured notes by each Guarantor Subsidiary is subject to certain automatic customary releases, including in connection with the sale, disposition or transfer of all of the capital stock, or of all or substantially all of the assets, of such Guarantor Subsidiary to one or more persons that are not us or a restricted subsidiary, the exercise of legal defeasance or covenant defeasance options, the satisfaction and discharge of the indentures governing our senior unsecured notes, the designation of such Guarantor Subsidiary as a non-guarantor restricted subsidiary or as an unrestricted subsidiary in accordance with the indentures governing our senior unsecured notes, the release of such Guarantor Subsidiary from its guarantee under our senior secured credit facility, or liquidation or dissolution of such Guarantor Subsidiary (collectively, the "Releases"). The obligations of each Guarantor Subsidiary under its note guarantee are limited as necessary to prevent such note guarantee from constituting a fraudulent conveyance under applicable law. We are not restricted from making investments in the Guarantor Subsidiaries and there are no significant restrictions on the ability of the Guarantor Subsidiaries to make distributions to Genesis Energy, L.P.

The rights of holders of our senior unsecured notes against the Guarantor Subsidiaries may be limited under the U.S. Bankruptcy Code or state fraudulent transfer or conveyance law.

The following is the summarized financial information for Genesis Energy, L.P. and the Guarantor Subsidiaries on a combined basis after elimination of intercompany transactions, which includes related receivable and payable balances, and the investment in and equity earnings from the Non-Guarantor Subsidiaries.

Balance Sheets	**Genesis Energy, L.P. and Guarantor Subsidiaries**	
	September 30, 2020	December 31, 2019
ASSETS:		
Current assets	$ 246,540	$ 323,492
Fixed assets, net	3,143,374	3,538,450
Non-current assets	876,996	951,276
LIABILITIES AND CAPITAL:[(1)]		
Current liabilities	223,939	292,941
Non-current liabilities	3,654,873	3,738,816
Class A Convertible Preferred Units	790,115	790,115

Statements of Operations	Genesis Energy, L.P. and Guarantor Subsidiaries	
	Nine Months Ended September 30, 2020	Twelve Months Ended December 31, 2019
Revenues	$ 882,751	$ 1,617,170
Operating costs	1,104,748	1,454,040
Operating income (loss)	(221,997)	163,130
Income (loss) before income taxes	(316,653)	566
Net loss[(1)]	(317,227)	(122)
Less: Accumulated distributions to Class A Convertible Preferred Units	(56,052)	(74,467)
Net loss available to common unitholders	(373,279)	(74,589)

(1) There are no noncontrolling interests held at the Issuer or Guarantor Subsidiaries for either period presented.

Excluded from non-current assets in the table above are $29.9 million and $76.2 million of net intercompany receivables due to Genesis Energy, L.P. and the Guarantor Subsidiaries from the Non-Guarantor Subsidiaries as of September 30, 2020 and December 31, 2019, respectively.

Non-GAAP Financial Measure Reconciliations

For definitions and discussion of our Non-GAAP financial measures refer to the "Non-GAAP Financial Measures" as later discussed and defined.

Available Cash before Reserves for the periods presented below was as follows:

	Three Months Ended September 30,	
	2020	2019
	(in thousands)	
Net income (loss) attributable to Genesis Energy, L.P.	$ (29,717)	$ 17,557
Income tax expense	145	111
Depreciation, depletion, amortization and accretion	70,203	87,209
Impairment expense	3,331	—
Plus (minus) Select Items, net	52,091	2,990
Maintenance capital utilized [(1)]	(10,600)	(6,825)
Cash tax expense	(250)	(149)
Distributions to preferred unitholders	(18,684)	(18,684)
Redeemable noncontrolling interest redemption value adjustments [(2)]	4,149	272
Available Cash before Reserves	$ 70,668	$ 82,481

(1) For a description of the term "maintenance capital utilized", please see the definition of the term "Available Cash before Reserves" discussed below. Maintenance capital expenditures in the 2020 Quarter and 2019 Quarter were $19.9 million and $26.8 million, respectively.

(2) Includes PIK distributions attributable to the period and accretion on the redemption feature.

We define Available Cash before Reserves (“Available Cash before Reserves”) as net income before interest, taxes, depreciation, depletion, and amortization (including impairment, write-offs, accretion and similar items) after eliminating other non-cash revenues, expenses, gains, losses and charges (including any loss on asset dispositions), plus or minus certain other select items that we view as not indicative of our core operating results (collectively, “Select Items”), as adjusted for certain items, the most significant of which in the relevant reporting periods have been the sum of maintenance capital utilized, net interest expense, cash tax expense, and cash distributions to our preferred unitholders. Although, we do not necessarily consider all of our Select Items to be non-recurring, infrequent or unusual, we believe that an understanding of these Select Items is important to the evaluation of our core operating results. The most significant Select Items in the relevant reporting periods are set forth below.

	Three Months Ended September 30,	
	2020	2019
	(in thousands)	
I. Applicable to all Non-GAAP Measures		
Differences in timing of cash receipts for certain contractual arrangements (1)	$ 13,052	$ 1,249
Adjustment regarding direct financing leases (2)	44,088	2,131
Certain non-cash items:		
Unrealized gains on derivative transactions excluding fair value hedges, net of changes in inventory value (3)	(9,772)	(10,398)
Adjustment regarding equity investees (4)	2,318	7,682
Other	2,060	518
Sub-total Select Items, net (5)	51,746	1,182
II. Applicable only to Available Cash before Reserves		
Certain transaction costs (6)	55	2,964
Other	290	(1,156)
Total Select Items, net (7)	$ 52,091	$ 2,990

(1) Includes the difference in timing of cash receipts from customers during the period and the revenue we recognize in accordance with GAAP on our related contracts. For purposes of our Non-GAAP measures, we add those amounts in the period of payment and deduct them in the period in which GAAP recognizes them.
(2) Represents the net effect of adding cash receipts from direct financing leases and deducting expenses relating to direct financing leases. The 2020 Quarter includes the cash we received associated with the exercise of a letter of credit we had issued to us as beneficiary from a customer that defaulted under our agreement.
(3) The 2020 Quarter includes a $6.7 million unrealized gain from the valuation of the embedded derivative associated with our Class A Convertible Preferred Units and the 2019 Quarter includes a $8.0 million unrealized gain from the valuation of the embedded derivative.
(4) Represents the net effect of adding distributions from equity investees and deducting earnings of equity investees net to us.
(5) Represents all Select Items applicable to Segment Margin and Available Cash before Reserves.
(6) Represents transaction costs relating to certain merger, acquisition, transition, and financing transactions incurred in advance of acquisition.
(7) Represents Select Items applicable to Available Cash before Reserves.

Non-GAAP Financial Measures

General

To help evaluate our business, we use the non-generally accepted accounting principle ("non-GAAP") financial measure of Available Cash before Reserves. We also present total Segment Margin as if it were a non-GAAP measure. Our non-GAAP measures may not be comparable to similarly titled measures of other companies because such measures may include or exclude other specified items. The schedules above provide reconciliations of Available Cash before Reserves to its most directly comparable financial measures calculated in accordance with generally accepted accounting principles in the United States of America (GAAP). A reconciliation of total Segment Margin to net income (loss) is also included in our segment disclosure in Note 12 to our Unaudited Condensed Consolidated Financial Statements. Our non-GAAP financial measures should not be considered (i) as alternatives to GAAP measures of liquidity or financial performance or (ii) as being singularly important in any particular context; they should be considered in a broad context with other quantitative and qualitative information. Our Available Cash before Reserves and total Segment Margin measures are just two of the relevant data points considered from time to time.

When evaluating our performance and making decisions regarding our future direction and actions (including making discretionary payments, such as quarterly distributions) our board of directors and management team has access to a wide range of historical and forecasted qualitative and quantitative information, such as our financial statements; operational information; various non-GAAP measures; internal forecasts; credit metrics; analyst opinions; performance, liquidity and similar measures; income; cash flow; and expectations for us, and certain information regarding some of our peers. Additionally, our board of directors and management team analyze, and place different weight on, various factors from time to time. We believe that investors benefit from having access to the same financial measures being utilized by management, lenders, analysts and other market participants. We attempt to provide adequate information to allow each individual investor and other external user to reach her/his own conclusions regarding our actions without providing so much information as to overwhelm or confuse such investor or other external user. Our non-GAAP financial measures should not be considered as an alternative to GAAP measures such as net income, operating income, cash flow from operating activities or any other GAAP measure of liquidity or financial performance.

Segment Margin

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. We define Segment Margin as revenues less product costs, operating expenses, and segment general and administrative expenses, after eliminating gain or loss on sale of assets, plus or minus applicable Select Items. Although, we do not necessarily consider all of our Select Items to be non-recurring, infrequent or unusual, we believe that an understanding of these Select Items is important to the evaluation of our core operating results.

A reconciliation of total Segment Margin to net income (loss) is included in our segment disclosure in Note 12 to our Unaudited Condensed Consolidated Financial Statements, as well as previously in this Item 2.

Available Cash before Reserves

Purposes, Uses and Definition

Available Cash before Reserves, often referred to by others as distributable cash flow, is a quantitative standard used throughout the investment community with respect to publicly traded partnerships and is commonly used as a supplemental financial measure by management and by external users of financial statements such as investors, commercial banks, research analysts and rating agencies, to aid in assessing, among other things:

(1) the financial performance of our assets;

(2) our operating performance;

(3) the viability of potential projects, including our cash and overall return on alternative capital investments as compared to those of other companies in the midstream energy industry;

(4) the ability of our assets to generate cash sufficient to satisfy certain non-discretionary cash requirements, including interest payments and certain maintenance capital requirements; and

(5) our ability to make certain discretionary payments, such as distributions on our preferred and common units, growth capital expenditures, certain maintenance capital expenditures and early payments of indebtedness.

Disclosure Format Relating to Maintenance Capital

We use a modified format relating to maintenance capital requirements because our maintenance capital expenditures vary materially in nature (discretionary vs. non-discretionary), timing and amount from time to time. We believe that, without such modified disclosure, such changes in our maintenance capital expenditures could be confusing and potentially misleading to users of our financial information, particularly in the context of the nature and purposes of our Available Cash before Reserves measure. Our modified disclosure format provides those users with information in the form of our maintenance capital utilized measure (which we deduct to arrive at Available Cash before Reserves). Our maintenance capital utilized measure constitutes a proxy for non-discretionary maintenance capital expenditures and it takes into consideration the relationship among maintenance capital expenditures, operating expenses and depreciation from period to period.

Maintenance Capital Requirements

Maintenance Capital Expenditures

Maintenance capital expenditures are capitalized costs that are necessary to maintain the service capability of our existing assets, including the replacement of any system component or equipment which is worn out or obsolete. Maintenance capital expenditures can be discretionary or non-discretionary, depending on the facts and circumstances.

Initially, substantially all of our maintenance capital expenditures were (a) related to our pipeline assets and similar infrastructure, (b) non-discretionary in nature and (c) immaterial in amount as compared to our Available Cash before Reserves measure. Those historical expenditures were non-discretionary (or mandatory) in nature because we had very little (if any) discretion as to whether or when we incurred them. We had to incur them in order to continue to operate the related pipelines in a safe and reliable manner and consistently with past practices. If we had not made those expenditures, we would not have been able to continue to operate all or portions of those pipelines, which would not have been economically feasible. An example of a non-discretionary (or mandatory) maintenance capital expenditure would be replacing a segment of an old pipeline because one can no longer operate that pipeline safely, legally and/or economically in the absence of such replacement.

As we exist today, a substantial amount of our maintenance capital expenditures from time to time will be (a) related to our assets other than pipelines, such as our marine vessels, trucks and similar assets, (b) discretionary in nature and (c) potentially material in amount as compared to our Available Cash before Reserves measure. Those expenditures will be discretionary (or non-mandatory) in nature because we will have significant discretion as to whether or when we incur them. We will not be forced to incur them in order to continue to operate the related assets in a safe and reliable manner. If we chose not to make those expenditures, we would be able to continue to operate those assets economically, although in lieu of maintenance capital expenditures, we would incur increased operating expenses, including maintenance expenses. An example of a discretionary (or non-mandatory) maintenance capital expenditure would be replacing an older marine vessel with a new marine vessel with substantially similar specifications, even though one could continue to economically operate the older vessel in spite of its increasing maintenance and other operating expenses.

In summary, as we continue to expand certain non-pipeline portions of our business, we are experiencing changes in the nature (discretionary vs. non-discretionary), timing and amount of our maintenance capital expenditures that merit a more detailed review and analysis than was required historically. Management's recently increasing ability to determine if and when to incur certain maintenance capital expenditures is relevant to the manner in which we analyze aspects of our business relating to discretionary and non-discretionary expenditures. We believe it would be inappropriate to derive our Available Cash before Reserves measure by deducting discretionary maintenance capital expenditures, which we believe are similar in nature in this context to certain other discretionary expenditures, such as growth capital expenditures, distributions/dividends and equity buybacks. Unfortunately, not all maintenance capital expenditures are clearly discretionary or non-discretionary in nature. Therefore, we developed a measure, maintenance capital utilized, that we believe is more useful in the determination of Available Cash before Reserves. Our maintenance capital utilized measure, which is described in more detail below, constitutes a proxy for non-discretionary maintenance capital expenditures and it takes into consideration the relationship among maintenance capital expenditures, operating expenses and depreciation from period to period.

Maintenance Capital Utilized

We believe our maintenance capital utilized measure is the most useful quarterly maintenance capital requirements measure to use to derive our Available Cash before Reserves measure. We define our maintenance capital utilized measure as that portion of the amount of previously incurred maintenance capital expenditures that we utilize during the relevant quarter, which would be equal to the sum of the maintenance capital expenditures we have incurred for each project/component in prior quarters allocated ratably over the useful lives of those projects/components.

Because we did not initially use our maintenance capital utilized measure, our future maintenance capital utilized calculations will reflect the utilization of solely those maintenance capital expenditures incurred since December 31, 2013.

Commitments and Off-Balance Sheet Arrangements

Contractual Obligations and Commercial Commitments

There have been no material changes to the commitments and obligations reflected in our Annual Report.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements, special purpose entities, or financing partnerships, other than as disclosed under "Contractual Obligations and Commercial Commitments" in our Annual Report, nor do we have any debt or equity triggers based upon our unit or commodity prices.

Forward Looking Statements

The statements in this Quarterly Report on Form 10-Q that are not historical information may be "forward looking statements" as defined under federal law. All statements, other than historical facts, included in this document that address activities, events or developments that we expect or anticipate will or may occur in the future, including things such as plans for growth of the business, future capital expenditures, competitive strengths, goals, references to future goals or intentions, estimated or projected future financial performance, our expectations regarding the potential impact of the Covid-19 pandemic, the impact of our cost saving measures and the amount of such cost savings, and other such references are forward-looking statements, and historical performance is not necessarily indicative of future performance. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. They use words such as "anticipate," "believe," "continue," "estimate," "expect," "forecast," "goal," "intend," "may," "could," "plan," "position," "projection," "strategy," "should" or "will," or the negative of those terms or other variations of them or by comparable terminology. In particular, statements, expressed or implied, concerning future actions, conditions or events or future operating results or the ability to generate sales, income or cash flow are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond our ability or the ability of our affiliates to control or predict. Specific factors that could cause actual results to differ from those in the forward-looking statements include, among others:

- *demand for, the supply of, our assumptions about, changes in forecast data for, and price trends related to crude oil, liquid petroleum, natural gas, NaHS, soda ash, caustic soda and* CO_2*, all of which may be affected by economic activity, capital expenditures by energy producers, weather, alternative energy sources, international events, pandemics (including Covid-19), the actions of OPEC and other oil exporting nations, conservation and technological advances;*
- *our ability to successfully execute our business and financial strategies;*

- *our ability to realize cost savings from our recent cost saving measures;*
- *the realized benefits of the preferred equity investment in Alkali Holdings by GSO or our ability to comply with the GOP agreements and maintain control over and ownership of the Alkali Business;*
- *throughput levels and rates;*
- *changes in, or challenges to, our tariff rates;*
- *our ability to successfully identify and close strategic acquisitions on acceptable terms (including obtaining third-party consents and waivers of preferential rights), develop or construct infrastructure assets, make cost saving changes in operations and integrate acquired assets or businesses into our existing operations;*
- *service interruptions in our pipeline transportation systems, processing operations, or mining facilities;*
- *shutdowns or cutbacks at refineries, petrochemical plants, utilities, individual plants, or other businesses for which we transport crude oil, petroleum, natural gas or other products or to whom we sell soda ash, petroleum, or other products;*
- *risks inherent in marine transportation and vessel operation, including accidents and discharge of pollutants;*
- *changes in laws and regulations to which we are subject, including tax withholding issues, regulations regarding qualifying income, accounting pronouncements, and safety, environmental and employment laws and regulations;*
- *the effects of production declines resulting from a suspension of drilling in the Gulf of Mexico or otherwise;*
- *the effects of future laws and regulations;*
- *planned capital expenditures and availability of capital resources to fund capital expenditures, and our ability to access the credit and capital markets to obtain financing on terms we deem acceptable;*
- *our inability to borrow or otherwise access funds needed for operations, expansions or capital expenditures as a result of our credit agreement and the indentures governing our notes, which contain various affirmative and negative covenants;*
- *loss of key personnel;*
- *cash from operations that we generate could decrease or fail to meet expectations, either of which could reduce our ability to pay quarterly cash distributions at the current level or to increase quarterly cash distributions in the future;*
- *an increase in the competition that our operations encounter;*
- *cost and availability of insurance;*
- *hazards and operating risks that may not be covered fully by insurance;*
- *our financial and commodity hedging arrangements, which may reduce our earnings, profitability and cash flow;*
- *changes in global economic conditions, including capital and credit markets conditions, inflation and interest rates;*
- *the impact of natural disasters, pandemics (including Covid-19), epidemics, accidents or terrorism, and actions taken by governmental authorities and other third parties in response thereto, on our business financial condition and results of operations;*
- *reduction in demand for our services resulting in impairments of our assets;*
- *changes in the financial condition of customers or counterparties;*
- *adverse rulings, judgments, or settlements in litigation or other legal or tax matters;*
- *the treatment of us as a corporation for federal income tax purposes or if we become subject to entity-level taxation for state tax purposes;*
- *the potential that our internal controls may not be adequate, weaknesses may be discovered or remediation of any identified weaknesses may not be successful and the impact these could have on our unit price; and*
- *a cyberattack involving our information systems and related infrastructure, or that of our business associates.*

You should not put undue reliance on any forward-looking statements. When considering forward-looking statements, please review the risk factors described under "Risk Factors" discussed in Item 1A of our Annual Report . These risks may also *be specifically described in our Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K (or any amendments to those reports) and other documents that we may file from time to time with the SEC. New factors that could cause actual results to differ materially from those described in forward-looking statements emerge from time to time, and it is not possible for us to predict all such factors, or the extent to which any such factor or combination of factors may cause actual results to differ from those contained in any forward-looking statement. Except as required by applicable securities laws, we do not intend to update these forward-looking statements and information.*

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The following should be read in conjunction with Quantitative and Qualitative Disclosures About Market Risk included under Item 7A in our Annual Report. There have been no material changes that would affect the quantitative and qualitative disclosures provided therein. Also, see Note 15 to our Unaudited Condensed Consolidated Financial Statements for additional discussion related to derivative instruments and hedging activities.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures and internal controls designed to ensure that information required to be disclosed in our filings under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Our chief executive officer and chief financial officer, with the participation of our management, have evaluated our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q and have determined that such disclosure controls and procedures are effective in ensuring that material information required to be disclosed in this Quarterly Report on Form 10-Q is accumulated and communicated to them and our management to allow timely decisions regarding required disclosures.

There were no changes during the 2020 Quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Information with respect to this item has been incorporated by reference from our Annual Report on Form 10-K for the year ended December 31, 2019. There have been no material developments in legal proceedings since the filing of such Form 10-K.

Item 1A. Risk Factors

There has been no material change in our risk factors as previously disclosed in our Annual Report and Quarterly Report on Form 10-Q for the quarter ended June 30, 2020.

For additional information about our risk factors, see Item 1A of our Annual Report and Item 1A of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, as well as any other risk factors contained in other filings with the SEC, including Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and Form 8-K/A and other documents that we may file from time to time with the SEC.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities during the 2020 Quarter.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Information regarding mine safety and other regulatory action at our mines in Green River and Granger, Wyoming is included in Exhibit 95 to this Form 10-Q.

Item 5. Other Information

None.

Item 6. Exhibits.

(a) Exhibits

	3.1	Certificate of Limited Partnership of Genesis Energy, L.P. (incorporated by reference to Exhibit 3.1 to Amendment No. 2 of the Registration Statement on Form S-1, File No. 333-11545).
	3.2	Amendment to the Certificate of Limited Partnership of Genesis Energy, L.P. (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, File No. 001-12295).
	3.3	Fifth Amended and Restated Agreement of Limited Partnership of Genesis Energy, L.P. (incorporated by reference to Exhibit 5.1 to the Company's Current Report on Form 8-K dated January 3, 2011, File No. 001-12295).
	3.4	First Amendment to Fifth Amended and Restated Agreement of Limited Partnership of Genesis Energy, L.P., dated September 1, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated September 7, 2017, File No. 001-12295).
	3.5	Second Amendment to Fifth Amended and Restated Agreement of Limited Partnership of Genesis Energy, L.P., dated December 31, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated January 4, 2018, File No. 001-12295).
	3.6	Certificate of Conversion of Genesis Energy, Inc. a Delaware corporation, into Genesis Energy, LLC, a Delaware limited liability company (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated January 7, 2009, File No. 001-12295).
	3.7	Certificate of Formation of Genesis Energy, LLC (formerly Genesis Energy, Inc.) (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated January 7, 2009, File No. 001-12295).
	3.8	Second Amended and Restated Limited Liability Company Agreement of Genesis Energy, LLC dated December 28, 2010 (incorporated by reference to Exhibit 5.2 to the Company's Current Report on Form 8-K dated January 3, 2011, File No. 001-12295).
	3.9	Certificate of Incorporation of Genesis Energy Finance Corporation, dated as of November 26, 2006 (incorporated by reference to Exhibit 3.7 to Registration Statement on Form S-4 filed on September 26, 2011, File No. 333-177012).
	3.10	Bylaws of Genesis Energy Finance Corporation (incorporated by reference to Exhibit 3.8 to Registration Statement on Form S-4 filed on September 26, 2011, File No. 333-177012).
	4.1	Form of Unit Certificate of Genesis Energy, L.P. (incorporated by reference to Exhibit 4.1 to the Company's Annual Report on Form 10-K for the year ended December 31, 2007, File No. 001-12295).
	22.1	List of Issuers and Guarantor Subsidiaries (incorporated by reference to Exhibit 22.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020, File No. 001-12295).
*	31.1	Certification by Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
*	31.2	Certification by Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.
*	32	Certification by Chief Executive Officer and Chief Financial Officer Pursuant to Rule 13a-14(b) of the Securities Exchange Act of 1934.
*	95	Mine Safety Disclosures.
	101.INS	XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
	101.SCH	XBRL Schema Document.
	101.CAL	XBRL Calculation Linkbase Document.
	101.LAB	XBRL Label Linkbase Document.
	101.PRE	XBRL Presentation Linkbase Document.
	101.DEF	XBRL Definition Linkbase Document.
	104	Cover Page Interactive Data File (formatted as Inline XBRL).

* Filed herewith

SIGNATURES

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

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

By: GENESIS ENERGY, LLC,
as General Partner

Date: November 5, 2020

By: /s/ ROBERT V. DEERE
Robert V. Deere
Chief Financial Officer
(Duly Authorized Officer)