



FOR IMMEDIATE RELEASE
September 14, 2020

Genesis Energy, L.P. Provides Operational and Commercial Update

HOUSTON – (BUSINESS WIRE) – Genesis Energy, L.P. (NYSE:GEL) intends herewith to provide an update on its offshore operations, following Hurricane Laura, as well as disclose the receipt of some \$41 million in cash that will also be accounted for as an increase in reported Adjusted EBITDA for the third quarter.

Turning first to the offshore, there is no apparent damage to our 100% owned and operated Cameron Highway Oil Pipeline System (“CHOPS”) nor any of its appurtenant facilities. As currently configured, the CHOPS pipeline goes up and over a junction platform located in Garden Banks block 72, where it can receive pigs and launch pigs for proper maintenance of two of its 30 inch diameter pipeline segments. That platform, located in 520 feet of water, recorded waves in the 70-80 foot range and sustained winds in excess of 130 mph as the eye of Laura passed some 17 miles to the southwest of its location. The platform experienced damage to its topside facilities which is usual and customary, and not significant nor unexpected, after experiencing those type of weather conditions. Below the waterline, through diving and remotely operated vehicle inspections, several areas of structural stress have been identified that will require further investigation and analysis. As a result, no oil is currently flowing through the CHOPS pipeline.

Grant Sims, CEO of Genesis Energy, said, “We are aggressively working to collect data and conduct a rigorous structural analysis for review by the Bureau of Safety and Environmental Enforcement to hopefully be able to re-occupy the platform, conduct the cleanup tasks required and return the CHOPS pipeline to normal operations. Based upon continuing data collection, observations and analysis, it would appear that CHOPS is more than likely not going to be in a position to resume operations before October 1 at the earliest.

However, we have been successful, to date, in working with shippers to divert all available and affected CHOPS barrels into our 64% owned and operated Poseidon Oil Pipeline for deliveries by it directly to shore or for Poseidon to deliver barrels into the Auger Pipeline for further transportation to shore via this alternative path. Because of the rate structures amongst the various pipelines, we expect minimal revenue impact to Genesis during this period of interrupted operations of CHOPS, other than when the volumes were shut in for the storm, and assuming the continuing conditions that there is enough available capacity on Poseidon and/or Auger to receive and transport all of the affected CHOPS volumes.

We would expect to incur total expenses associated with inspections, analyses and topside facility repairs in the range of \$3-5 million, most of which will be reflected in the third quarter. Any potential costs associated with structural reinforcement or modification, either to the platform or pipeline facilities, will be treated as capital in future periods.

We are working diligently and as hard as possible to determine what it will take to return CHOPS to normal service as soon as we can, while never losing sight of our commitment to safe and responsible operations.

Shifting gears a bit, I would like to also take this opportunity to disclose that we have received approximately \$41 million in cash that will be recognized as Adjusted EBITDA in the third quarter for covenant compliance purposes, all as more fully described in our senior secured credit agreement. The cash received is 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 entered into in 2008. The dollars collected from such contractual right will be credited to dollars owed us under the last years of the contract. Under the mechanics of said agreement, we will continue to be paid the dollars owed to us.

Having already received this cash and being able to recognize it as increased Adjusted EBITDA this quarter is a positive development for us under the circumstances. Accordingly, we see no scenarios where we have the risk of not comfortably living within all of our financial covenants as we deal with the aftermath of this hurricane season and the Covid-19 pandemic which has directly and indirectly challenged our businesses, like virtually all others, but which are clearly recovering and looking forward to better things in 2021.”

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Genesis Energy, L.P. is a diversified midstream energy master limited partnership headquartered in Houston, Texas. Genesis’ operations include offshore pipeline transportation, sodium minerals and sulfur services, marine transportation and onshore facilities and transportation. Genesis’ operations are primarily located in the Gulf Coast region of the United States, Wyoming and the Gulf of Mexico.

This operations and commercial update includes forward-looking statements as defined under federal law. Although we believe that our expectations are based upon reasonable assumptions, we can give no assurance that our goals will be achieved. Actual results may vary materially. All statements, other than statements of historical facts, included in this operations and commercial update that address activities, events or developments that we expect, believe or anticipate will or may occur in the future, including but not limited to statements relating to future financial and operating results, the impact of Hurricane Laura and the associated timing and costs, the COVID-19 pandemic, and our strategy and plans, are forward-looking statements, and historical performance is not necessarily indicative of future performance. Those forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors and risks, many of which are outside our control, that could cause results

to differ materially from those expected by management. Such risks and uncertainties include, but are not limited to, weather, political, economic and market conditions, including a decline in the price and market demand for products, the outbreak or continued spread of disease, and other uncertainties that are described more fully in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the Securities and Exchange Commission and other filings, including our Current Reports on Form 8-K and Quarterly Reports on Form 10-Q. We undertake no obligation to publicly update or revise any forward-looking statement.

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