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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

for the fiscal year ended December 31, 2009

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period _____ to _____

Commission File Number 001-32505

TRANSMONTAIGNE PARTNERS L.P.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

34-2037221
(I.R.S. Employer
Identification No.)

Suite 3100, 1670 Broadway
Denver, Colorado 80202
(Address, including zip code, of principal executive offices)

(303) 626-8200
(Telephone number, including area code)

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

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

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

NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a
smaller reporting company)

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

The aggregate market value of common limited partner units held by non-affiliates of the registrant on June 30, 2009 was \$187,417,167.00, computed by reference to the last sale price (\$21.00 per common unit) of the registrant's common limited partner units on the New York Stock Exchange on June 30, 2009.

The number of the registrant's common limited partner units outstanding on February 26, 2010 was 14,457,066.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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Our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K, and any amendments to such reports, will be available free of charge on our website at www.transmontaignepartners.com under the heading "Unitholder Information," "SEC Filings" as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission. A copy of this annual report on Form 10-K (without exhibits) will be furnished without charge to any unitholder who sends a written request to our offices, addressed as follows: TransMontaigne Partners L.P., Attention: Investor Relations, 1670 Broadway, Suite 3100, Denver, Colorado 80202.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including the following:

- certain statements, including possible or assumed future results of operations, in "Management's Discussion and Analysis of Financial Condition and Results of Operations;"
- any statements contained in this annual report regarding the prospects for our business or any of our services or our ability to pay distributions;
- any statements preceded by, followed by or that include the words "may," "seeks," "believes," "expects," "anticipates," "intends," "continues," "estimates," "plans," "targets," "predicts," "attempts," "is scheduled," or similar expressions; and
- other statements contained in this annual report regarding matters that are not historical facts.

Our business and results of operations are subject to risks and uncertainties, many of which are beyond our ability to control or predict. Because of these risks and uncertainties, actual results may differ materially from those expressed or implied by forward-looking statements, and investors are cautioned not to place undue reliance on such statements, which speak only as of the date thereof.

Important factors, many of which are described in more detail in "Item 1A. Risk Factors" of this annual report, that could cause actual results to differ materially from our expectations include, but are not limited to:

- a reduction in revenue from any of our significant customers upon which we rely for a substantial majority of our revenue;
 - failure by any of our significant customers to continue to engage us to provide services after the expiration of existing terminaling services agreements, or our failure to secure comparable alternative arrangements;
 - debt levels and restrictions in our debt agreements that may limit our operational flexibility;
 - we may have to refinance our existing debt in unfavorable market conditions;
 - a lack of access to new capital would impair our ability to expand our operations;
 - the impact of Morgan Stanley's status as a bank holding company on its ability to conduct certain nonbanking activities or retain certain investments, including control of our general partner;
 - the availability of acquisition opportunities and successful integration and future performance of acquired facilities;
 - competition from other terminals and pipelines that may be able to supply our significant customers with terminaling services on a more competitive basis;
 - the continued creditworthiness of, and performance by, our significant customers;
 - a decrease in demand for products in areas served by our terminals and pipelines;
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- the ability of our significant customers to secure financing arrangements adequate to purchase their desired volume of product;
- the impact on our facilities or operations of extreme weather conditions, such as hurricanes, and other events, such as terrorist attacks or war and costs associated with environmental compliance and remediation;
- timing, cost and other economic uncertainties related to the construction of new tank capacity or facilities;
- the impact of current and future laws and governmental regulations, general economic, market or business conditions;
- the failure of our existing and future insurance policies to fully cover all risks incident to our business;
- the age and condition of many of our pipeline and storage assets may result in increased maintenance and remediation expenditures;
- our ability to generate sufficient cash from operations to enable us to maintain or grow the amount of the quarterly distribution to our unitholders;
- conflicts of interest and the limited fiduciary duties of our general partner, which is indirectly controlled by Morgan Stanley Capital Group;
- cost reimbursements, which are determined by our general partner, and fees paid to our general partner and its affiliates for services will continue to be substantial;
- the control of our general partner being transferred to a third party without unitholder consent;
- our general partners limited call right may require unitholders to sell their common units at an undesirable time or price;
- our failure to avoid federal income taxation as a corporation or the imposition of state level taxation;
- the impact of new IRS regulations or a challenge of our current allocation of income, gain, loss and deductions among our unitholders or our use of a calendar year end for federal income tax purposes; and
- the sale or exchange of 50% or more of our capital and profits interests within a 12-month period would result in a deemed termination of our partnership for income tax purposes.

We do not intend to update these forward-looking statements except as required by law.

Part I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES

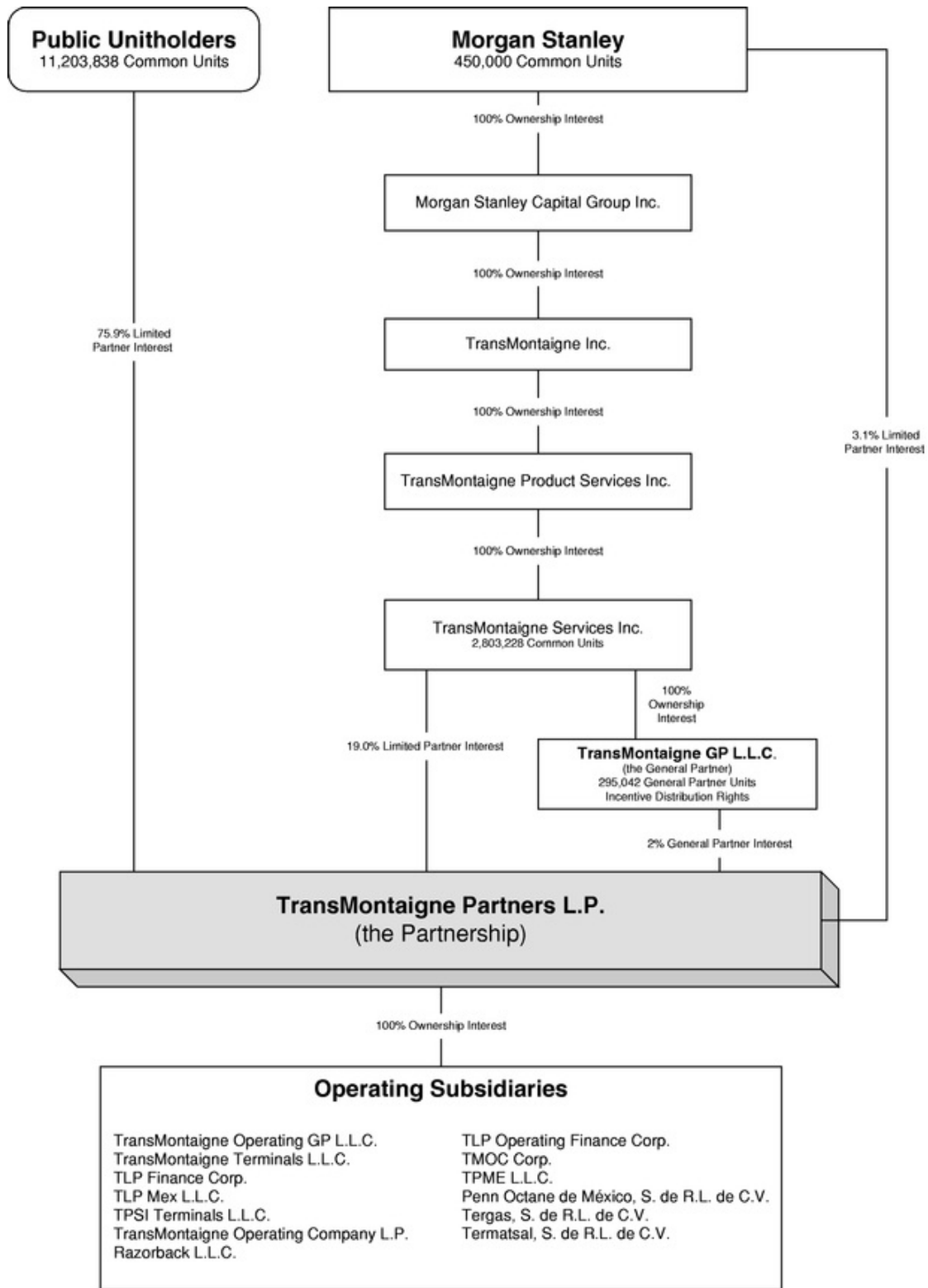
TransMontaigne Partners L.P. is a publicly traded Delaware limited partnership formed in February 2005 by TransMontaigne Inc. We commenced operations upon the closing of our initial public offering on May 27, 2005. Effective December 31, 2005, we changed our year end for financial and tax reporting purposes from June 30 to December 31. Effective September 1, 2006, Morgan Stanley Capital Group Inc., which we refer to as Morgan Stanley Capital Group, purchased all of the issued and outstanding capital stock of TransMontaigne Inc. and, as a result, Morgan Stanley, the parent company of Morgan Stanley Capital Group, became the indirect owner of our general partner. Our common units are traded on the New York Stock Exchange under the symbol "TLP." Our principal executive offices are located at 1670 Broadway, Suite 3100, Denver, Colorado 80202; our telephone number is (303) 626-8200. Unless the context requires otherwise, references to "we," "us," "our," "TransMontaigne Partners," "Partners" or the "partnership" are intended to mean TransMontaigne Partners L.P. and our wholly owned and controlled operating subsidiaries. References to TransMontaigne Inc. are intended to mean TransMontaigne Inc. and its subsidiaries other than TransMontaigne GP L.L.C., our general partner, and TransMontaigne Partners and its subsidiaries. Unless otherwise indicated in this annual report, references to common units owned by Morgan Stanley or its percentage ownership interest in us do not include common units that may be held in client or customer accounts controlled by affiliates of Morgan Stanley, which Morgan Stanley may be deemed to beneficially own under the federal securities laws.

OVERVIEW

We are a terminaling and transportation company with operations primarily in the United States along the Gulf Coast, in the Midwest, in Brownsville, Texas, along the Mississippi and Ohio Rivers, and in the Southeast. We provide integrated terminaling, storage, transportation and related services for customers engaged in the distribution and marketing of light refined petroleum products, heavy refined petroleum products, crude oil, chemicals, fertilizers and other liquid products. Light refined products include gasolines, diesel fuels, heating oil and jet fuels. Heavy refined products include residual fuel oils and asphalt. We do not purchase or market products that we handle or transport. Therefore, we do not have material direct exposure to changes in commodity prices, except for the value of refined product gains and losses arising from terminaling services agreements with certain customers.

TransMontaigne Partners has no officers or employees and all of our management and operational activities are provided by officers and employees of TransMontaigne Services Inc. TransMontaigne Services Inc. is an indirect wholly owned subsidiary of TransMontaigne Inc. TransMontaigne Inc. is an indirect wholly owned subsidiary of Morgan Stanley. We are controlled by our general partner, TransMontaigne GP L.L.C., which is an indirect wholly owned subsidiary of TransMontaigne Inc. TransMontaigne GP L.L.C. is a holding company with no independent assets or operations other than its general partner interest in TransMontaigne Partners L.P. TransMontaigne GP L.L.C. is dependent

upon the cash distributions it receives from TransMontaigne Partners L.P. to service any obligations it may incur. The following diagram depicts our current organization and structure:



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TransMontaigne Inc. is a leading distributor of unbranded refined petroleum products to independent wholesalers and industrial and commercial end users, delivering approximately 0.3 million barrels per day throughout the United States, primarily in the Gulf Coast, Southeast and Midwest regions. TransMontaigne Inc. currently relies on us to provide substantially all of the integrated terminaling services it requires to support its operations in these geographic regions.

Morgan Stanley is a leading global trading company with extensive trading activities focused on the energy markets, including crude oil and refined petroleum products. Morgan Stanley Capital Group is the principal commodities trading arm of Morgan Stanley. Morgan Stanley Capital Group's trading and risk management activities cover a broad spectrum of the energy industry with extensive resources dedicated to refined product supply and transportation. Morgan Stanley Capital Group engages in trading physical commodities, like the refined petroleum products that we handle in our terminals, and exchange or over-the-counter commodities derivative instruments. Morgan Stanley Capital Group has access to substantial strategic long-term storage capacity located on all three coasts of the United States, in Northwest Europe and Asia.

Our existing facilities are located in five geographic regions, which we refer to as our Gulf Coast, Midwest, Brownsville, River and Southeast facilities.

- *Gulf Coast.* Our Gulf Coast facilities consist of eight refined product terminals, seven of which are located in Florida and one of which is located in Mobile, Alabama. These facilities currently have approximately 7.3 million barrels of aggregate active storage capacity.
- *Midwest.* Our Midwest facilities consist of a 67-mile, interstate refined products pipeline between Missouri and Arkansas, which we refer to as the Razorback pipeline, and three refined product terminals with approximately 0.6 million barrels of aggregate active storage capacity.
- *Brownsville.* Our terminal in Brownsville, Texas has approximately 2.2 million barrels of aggregate active storage capacity, which includes a liquefied petroleum gas, or LPG, terminaling facility with aggregate active storage capacity of approximately 33,000 barrels. We operate a bi-directional refined products pipeline for an affiliate of Mexico's state-owned petroleum company for deliveries to and from Brownsville and Reynosa and Cadereyta, Mexico. We also own and operate an LPG pipeline from our Brownsville facilities to our terminal in Matamoros, Mexico which we refer to as the Diamondback pipeline. Our Matamoros terminal has approximately 7,000 barrels of aggregate active LPG storage capacity.
- *River.* Our River facilities are composed of 12 refined product terminals located along the Mississippi and Ohio Rivers with approximately 2.5 million barrels of aggregate active storage capacity. Our River facilities also include a dock facility located in Baton Rouge, Louisiana that is connected to the Colonial pipeline.
- *Southeast.* Our Southeast facilities consist of 22 refined petroleum products terminals located along the Colonial and Plantation pipelines in Alabama, Georgia, Mississippi, North Carolina, South Carolina, and Virginia with an aggregate active storage capacity of approximately 9.1 million barrels.

The volume of product that is handled, transported, throughput or stored in our terminals and pipelines is directly affected by the level of supply and demand in the wholesale markets served by our terminals and pipelines. Overall supply of refined products in the wholesale markets is influenced by the products' absolute prices, the availability of capacity on delivering pipelines and vessels, fluctuating refinery margins and the markets' perception of future product prices. The demand for gasoline typically peaks during the summer driving season, which extends from April to September, and declines during the fall and winter months. The demand for marine fuels typically peaks in the winter months due to the increase in the number of cruise ships originating from Florida ports. Despite these

seasonalities, the overall impact on the volume of product throughput at our terminals and pipelines is not material.

Industry Overview

Refined product terminaling and transportation companies, such as TransMontaigne Partners, facilitate the movement of refined products to consumers around the country. Consumption of refined products in the United States exceeds domestic production, which necessitates the importing of refined products from other countries. Moreover, a substantial majority of the petroleum refining that occurs in the United States east of the Rocky Mountains is concentrated in the Gulf Coast region, which necessitates the transportation of domestic product to other areas, such as the East Coast, Florida, Southeast and Midwest regions of the country. Terminaling and transportation companies receive, store, blend, treat and distribute refined products, both domestic and imported, as they are transported from refineries to wholesalers, retailers and end-users.

Refining. Refineries in the Gulf Coast region refine crude oil into various light refined products and heavy refined products. Light refined products include gasolines, diesel fuels, heating oils and jet fuels. Heavy refined products include residual fuel oils and asphalt. Refined products of specific grade and characteristics are substantially identical in composition from one refinery to another and are referred to as being "fungible." The refined products initially are stored at the refineries' own terminal facilities. The refineries owned by major oil companies then schedule for delivery some of their refined product output to satisfy their own retail delivery obligations, for example, at branded gasoline stations, and sell the remainder of their refined product output to independent marketing and distribution companies or traders, such as TransMontaigne Inc. and Morgan Stanley Capital Group, for resale.

Transportation. Before an independent distribution and marketing company, such as TransMontaigne Inc. and Morgan Stanley Capital Group, distributes refined petroleum products in the wholesale markets, it must first schedule that product for shipment by tankers or barges or on common carrier pipelines to a terminal.

Refined product is transported to marine terminals, such as our Gulf Coast terminals and Baton Rouge, Louisiana dock facility, by vessels or barges. Because there are economies of scale in transporting products by vessel, marine terminals with larger storage capacities for various commodities have the ability to offer their customers lower per-barrel freight costs to a greater extent than do terminals with smaller storage capacities.

Refined product reaches inland terminals, such as our Southeast and Midwest terminals, by common carrier pipelines. Common carrier pipelines are pipelines with published tariffs that are regulated by the Federal Energy Regulatory Commission, or FERC, or state authorities. These pipelines ship fungible refined products in batches, with each batch generally consisting of product owned by several different companies. As a batch of product is shipped on a pipeline, each terminal operator along the way draws the volume of product that is scheduled for that facility as the batch passes in the pipeline. Consequently, each terminal operator must monitor the type of product in the common carrier pipeline to determine when to draw product scheduled for delivery to that terminal. In addition, both the common carrier pipeline and the terminal operator monitor the volume of product drawn to ensure that the amount scheduled for delivery at that location is actually received.

At both inland and marine terminals, the various products are stored in tanks on behalf of our customers.

Delivery. Most terminals have a tanker truck loading facility commonly referred to as a "rack." Often, commercial and industrial end-users and independent retailers rely on independent trucking companies to pick up product at the rack and transport it to the end-user or retailer at its location. Each truck holds an aggregate of approximately 8,000 gallons (approximately 190 barrels) of various

refined products in different compartments. To initiate the transfer of product, the driver uses an access control card that identifies the customer purchasing the refined product, the carrier and the driver as well as the type or grade of refined products to be pumped into the truck. A computerized system electronically reviews the credentials of the carrier, including insurance and certain mandated certifications, and confirms the customer is within product allocation limits. When all conditions are verified as being current and correct, the system authorizes the delivery of the refined product to the truck. As refined product is being loaded into the truck, additives are injected to conform to government specifications and individual customer requirements. If a truck is loading gasoline for retail sale by an independent gasoline station, generic additives will be added to the gasoline as it is loaded into the truck. If the gasoline is for delivery to a branded retail gasoline station, the proprietary additive compound of that particular retailer will be added to the gasoline as it is loaded. The type and amount of additive are electronically and mechanically controlled by equipment located at the truck loading rack. Generally one to two gallons of additive are injected into an 8,000 gallon truckload of gasoline.

At marine terminals, the refined product is stored in tanks and may be delivered to tanker trucks over a rack in the same manner as at an inland terminal or to cruise ships and other vessels, known as bunkering, either at the dock, through a pipeline, or by truck or barge. Cruise ships typically purchase approximately 6,000 to 8,000 barrels, the equivalent of approximately 42 tanker truckloads, of bunker fuel per refueling. Bunker fuel is a mixture of residual fuel oil and diesel fuel. Each large vessel generally requires its own mixture of bunker fuel to match the distinct characteristics of that ship's engines and turbines. Because the mixture for each ship requires precision to mix and deliver, cruise ships often prefer to obtain their fuel from experienced companies.

Our Operations

We are a terminaling and transportation company with operations primarily in the United States along the Gulf Coast, in the Midwest, in Brownsville, Texas, along the Mississippi and Ohio Rivers, and in the Southeast. We use our terminaling facilities to, among other things:

- receive refined products from the pipeline, ship, barge or railcar making delivery on behalf of our customers, and transfer those refined products to the tanks located at our terminals;
- store the refined products in our tanks for our customers;
- monitor the volume of the refined products stored in our tanks;
- distribute the refined products out of our terminals in truckloads using truck racks and other distribution equipment located at our terminals, including pipelines; and
- heat residual fuel oils and asphalt stored in our tanks, and provide other ancillary services related to the throughput process.

We derive revenue from our terminal and pipeline transportation operations by charging fees for providing integrated terminaling, transportation and related services. The fees we charge and our other sources of revenue are composed of:

- ***Terminaling Services Fees.*** We generate terminaling services fees by distributing and storing products for our customers. Terminaling services fees include throughput fees based on the volume of product distributed from the facility, injection fees based on the volume of product injected with additive compounds and storage fees based on a rate per barrel of storage capacity per month.
- ***Pipeline Transportation Fees.*** We earn pipeline transportation fees at our Razorback pipeline and Diamondback pipeline based on the volume of product transported and the distance from the

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origin point to the delivery point. The Federal Energy Regulatory Commission, or FERC, regulates the tariff on the Razorback pipeline and the Diamondback pipeline.

- **Management Fees and Reimbursed Costs.** We manage and operate certain tank capacity at our Port Everglades (South) terminal for a major oil company and receive a reimbursement of its proportionate share of operating and maintenance costs. We manage and operate for an affiliate of Mexico's state-owned petroleum company a bi-directional products pipeline connected to our Brownsville, Texas terminal facility and receive a management fee and reimbursement of costs. We also manage and operate for another major oil company two terminals that are adjacent to our Southeast facilities and receive a reimbursement of its proportionate share of operating and maintenance costs.
- **Other Revenue.** We provide ancillary services including heating and mixing of stored products, product transfer services, railcar handling, wharfage fees and vapor recovery fees. Pursuant to terminaling services agreements with our throughput customers, we are entitled to the volume of product gained resulting from differences in the measurement of product volumes received and distributed at our terminaling facilities. Consistent with recognized industry practices, measurement differentials occur as the result of the inherent variances in measurement devices and methodology. We recognize as revenue the net proceeds from the sale of the product gained.

The locations and approximate aggregate active storage capacity at our terminal facilities as of December 31, 2009 are as follows:

<u>Locations</u>	<u>Active storage capacity (shell bbls)</u>
Gulf Coast Facilities	
<i>Florida</i>	
Port Everglades Complex	
Port Everglades-North	2,990,000
Port Everglades-South(1)	377,000
Jacksonville	271,000
Cape Canaveral	701,000
Port Manatee	1,385,000
Fisher Island	673,000
Tampa	694,000
<i>Alabama</i>	
Mobile	163,000
Gulf Coast Total	7,254,000
Midwest Facilities	
Rogers and Mt. Vernon (aggregate amounts)	406,000
Oklahoma City	158,000
Midwest Total	564,000
Brownsville, Texas Facilities	
Brownsville	2,182,000
Matamoros, Mexico	7,000
Brownsville Total	2,189,000

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Locations	Active storage capacity (shell bbls)
River Facilities	
Arkansas City, AR	418,000
Evansville, IN	245,000
New Albany, IN	201,000
Greater Cincinnati, KY	200,000
Henderson, KY	182,000
Louisville, KY	181,000
Owensboro, KY	157,000
Paducah, KY Complex	322,000
Baton Rouge, LA Dock	—
Greenville, MS (Clay Street)	189,000
Greenville, MS (Industrial Road)	56,000
Cape Girardeau, MO	140,000
East Liverpool, OH	203,000
River Total	2,494,000
Southeast Facilities	
Albany, GA	203,000
Americus, GA	93,000
Athens, GA	203,000
Bainbridge, GA	261,000
Belton, SC	—
Birmingham, AL	178,000
Charlotte, NC	121,000
Collins/Purvis, MS	2,653,000
Collins, MS	141,000
Doraville, GA	438,000
Fairfax, VA	513,000
Greensboro, NC	479,000
Griffin, GA	107,000
Lookout Mountain, GA	221,000
Macon, GA	174,000
Meridian, MS	139,000
Montvale, VA	503,000
Norfolk, VA	1,336,000
Richmond, VA	478,000
Rome, GA	152,000
Selma, NC	529,000
Spartanburg, SC	166,000
Southeast Total	9,088,000
TOTAL CAPACITY	21,589,000

(1) Reflects our ownership interest net of a major oil company's ownership interest in certain tank capacity.

Gulf Coast Operations. Our Gulf Coast operations include eight refined product terminals located in Florida and Alabama. At our Gulf Coast terminals, we handle refined products and crude oil on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products and crude oil and the United States government. Our Gulf Coast

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terminals receive refined products from vessels on behalf of our customers. In addition, our Jacksonville terminal also receives asphalt by rail and our Port Everglades (North) terminal also receives product by truck. We distribute by truck or barge at all of our Gulf Coast terminals. In addition, we distribute products by pipeline at our Port Everglades and Tampa terminals and by rail at our Jacksonville terminal. A major oil company retains an ownership interest, ranging from 25% to 50%, in specific tank capacity at our Port Everglades (South) terminal. We manage and operate the Port Everglades (South) terminal, and we are reimbursed by the major oil company for its proportionate share of our operating and maintenance costs. Our Mobile, Alabama terminal facility receives and distributes refined product to trucks and barges.

The principal customers at our Gulf Coast facilities are Marathon Petroleum Company LLC, which we refer to as Marathon, and Morgan Stanley Capital Group.

Midwest Terminals and Pipeline Operations. In Missouri and Arkansas we own and operate the Razorback pipeline and terminals in Mt. Vernon, Missouri, at the origin of the pipeline and in Rogers, Arkansas, at the terminus of the pipeline. The Razorback pipeline is a 67-mile, 8-inch diameter interstate common carrier pipeline that transports light refined product on behalf of Morgan Stanley Capital Group from our terminal at Mt. Vernon, where it is interconnected with a pipeline system owned by Magellan Midstream Partners, to our terminal at Rogers. The Razorback pipeline has a capacity of approximately 30,000 barrels per day. The FERC regulates the transportation tariffs for interstate shipments on the Razorback pipeline. Morgan Stanley Capital Group currently is the only shipper on the Razorback pipeline and our sole customer at our Rogers and Mt. Vernon terminals.

We also own and operate a terminal facility at Oklahoma City, Oklahoma. Our Oklahoma City terminal receives gasolines and diesel fuels from a pipeline system owned by Magellan Midstream Partners for delivery via our truck rack to Shell Oil Products U.S., which we refer to as Shell, for redistribution to locations throughout the Oklahoma City region.

Brownsville, Texas Operations. In Brownsville, Texas, we own and operate two terminal facilities and the Diamondback pipeline which handle liquid product movements between Mexico and south Texas including refined petroleum products, chemicals, vegetable oils, naphtha, wax and propane on behalf of, and provide integrated terminaling services to, third parties engaged in the distribution and marketing of refined products and natural gas liquids. Our Brownsville facilities receive refined products on behalf of our customers from vessels, by truck or railcar. We also receive natural gas liquids by pipeline.

The Diamondback pipeline consists of an 8" pipeline that transports LPG approximately 23 miles from our Brownsville facilities to our Matamoros terminal, with approximately 16 miles located in Texas and approximately 7 miles located in Mexico and a 6" pipeline, which runs parallel to the 8" pipeline, that can be used by us in the future to transport additional LPG or refined products to our Matamoros terminal. The 8" pipeline has a capacity of approximately 7,500 barrels per day. The 6" pipeline has a capacity of approximately 4,300 barrels per day.

We also operate and maintain the United States portion of a 174-mile bi-directional refined products pipeline owned by PMI Services North America, Inc., an affiliate of Petroleos Mexicanos, or PEMEX, the state-owned, national petroleum company of Mexico. This pipeline connects our Brownsville terminal complex to a pipeline in Mexico that delivers to PEMEX's terminal located in Reynosa, Mexico and terminates at PEMEX's refinery, located in Cadereyta, Nuevo Leon, Mexico, a suburb of the large industrial city of Monterrey. The pipeline transports refined products and blending components. We operate and manage the approximately 18-mile portion of the pipeline located in the United States for a fee that is based on the average daily volume handled during the month. Additionally, we are reimbursed for non-routine maintenance expenses based on the actual costs plus a fee based on a fixed percentage of the expense.

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The customers we serve at our Brownsville terminal facilities consist principally of wholesale and retail marketers of refined products and industrial and commercial end-users of refined products, waxes and industrial chemicals. Our principal customers are Valero Marketing and Supply Company, which we refer to as Valero, TransMontaigne Inc., Morgan Stanley Capital Group, and PMI Trading Limited.

River Operations. Our River facilities include 12 refined product terminals along the Mississippi and Ohio Rivers and the Baton Rouge, Louisiana dock facility. At our River terminals, we handle gasolines, diesel fuels, heating oil, chemicals and fertilizers on behalf of, and provide integrated terminaling services to, customers engaged in the distribution and marketing of refined products and industrial and commercial end-users. Our River terminals receive products from vessels and barges on behalf of our customers and distribute products primarily to trucks and barges. The principal customer at our River facilities is Valero.

Southeast Operations. Our Southeast facilities include 22 refined product terminals along the Plantation and Colonial pipelines. At our Southeast terminals, we handle gasolines, diesel fuels, jet fuel and heating oil on behalf of, and provide integrated terminaling services to customers engaged in the distribution and marketing of refined products and the United States Government. Our Southeast terminals primarily receive products from the Plantation and Colonial pipelines on behalf of our customers and distribute products primarily to trucks. The principal customers at our Southeast facilities are Morgan Stanley Capital Group and the United States government.

Business Strategies

Our primary business objective is to increase distributable cash flow per unit. The most effective means of growing our business and increasing cash distributions to our unitholders is to expand our asset base and infrastructure, and to increase utilization of our existing infrastructure. We intend to accomplish this by executing the following strategies:

Generate stable cash flows through the use of long-term contracts with our customers. We intend to continue to generate stable cash flows by capitalizing on the fee-based nature of our business, our minimum revenue commitments from our customers and the long-term nature of our contracts with many of our customers. We generate revenue from customers who pay us fees based on the volume of storage capacity contracted for, volume of refined products throughput at our terminals or volume of refined products transported in the Razorback and Diamondback pipelines. We have long-term terminaling services agreements with, among others, Marathon, Morgan Stanley Capital Group, PMI Trading Limited, the United States government, TransMontaigne Inc. and Valero.

Pursue strategic and accretive acquisitions in new and existing markets. We plan to pursue acquisitions of energy-related terminaling and transportation facilities, including facilities that may be outside our existing areas of operation. In many cases, we would expect to pursue these acquisitions jointly with TransMontaigne Inc. and Morgan Stanley Capital Group. In light of the recent industry trend of large energy companies divesting their distribution and logistic assets, we believe there will continue to be significant acquisition opportunities.

Maximize the benefits of our relationship with TransMontaigne Inc. and Morgan Stanley Capital Group. TransMontaigne Inc. and Morgan Stanley Capital Group intend to use us as the primary vehicle for their energy-related terminaling and transportation businesses that support their physical trading, marketing and distribution businesses. We intend to capitalize on the strategic fit between our infrastructure with Morgan Stanley Capital Group's global supply capabilities and TransMontaigne Inc.'s marketing and distribution business. In addition, our relationship with TransMontaigne Inc. and Morgan Stanley Capital Group provides us with access to a significant pool of management talent and strong relationships throughout the energy industry, which we intend to utilize to implement our strategies.

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Execute cost-effective expansion and asset enhancement opportunities. We continually evaluate opportunities to expand our existing asset base. For example, in 2009 we placed newly constructed tanks into service at certain of our Gulf Coast terminals, added ethanol blending functionality at certain of our Southeast terminals and placed additional LPG tankage into service at our Brownsville terminals. We have additional projects in progress to expand our Gulf Coast terminaling capacity and to add additional ethanol blending functionality at certain of our Southeast terminals.

Maintain a disciplined financial policy. We will continue to pursue a disciplined financial policy by maintaining a prudent capital structure, managing our exposure to interest rate risk and conservatively managing our cash reserves.

Competitive Strengths

We believe that we are well positioned to successfully execute our business strategies using the following competitive strengths:

The terminaling services agreements we have with our existing customers provide us with stable cash flows. Based on our terminaling services agreements in effect at January 1, 2010, we have contractual commitments from our customers that are expected to generate a substantial majority of our actual revenue for the year ending December 31, 2010. Of this firm commitment revenue, approximately 70% was generated under terminaling services agreements with remaining terms of greater than three years at December 31, 2009. We expect that our actual revenue for the year will be higher than our contractual commitments because certain of our terminaling services agreements with customers do not contain minimum revenue commitments and because our customers often use other services we provide that are in addition to the services covered by the minimum revenue commitments. We believe that the fee-based nature of our business, our minimum revenue commitments from our customers, the long-term nature of our contracts with many of our customers and our lack of material direct exposure to changes in commodity prices (except for the value of refined product gains and losses arising from terminaling services agreements with certain customers) will provide us with stable cash flows.

We do not have material direct commodity price risk. Because we do not purchase or market the products that we handle or transport, our cash flows are not subject to material direct exposure to changes in commodity prices, except for the value of refined product gains and losses arising from terminaling services agreements with certain customers.

We benefit from the strategic fit between our operations and the operations of TransMontaigne Inc. and Morgan Stanley Capital Group. The operations of TransMontaigne Inc. and Morgan Stanley Capital Group fit strategically with our broad geographical terminal and transportation distribution capability. Our terminaling service agreements with TransMontaigne Inc. and Morgan Stanley Capital Group enable them to support their refined product supply, risk management and marketing businesses and, at the same time, provide us with stable cash flows and help ensure that our facilities are more fully utilized.

Our relationships with TransMontaigne Inc. and Morgan Stanley Capital Group enhance our ability to make strategic acquisitions. Under the omnibus agreement with TransMontaigne Inc., we have the right to negotiate for the purchase of certain facilities that TransMontaigne Inc. purchases or constructs in the future. In addition, we believe that our relationships with TransMontaigne Inc. and Morgan Stanley Capital Group will provide us with an advantage in acquiring businesses that have an element of commodity price risk or product marketing and distribution risk inherent in their operations. In these circumstances, we expect that Morgan Stanley Capital Group will assume most or all of the direct commodity price exposure and that TransMontaigne Inc. will assume most or all of the risks related to distributing and marketing the product. As a result, we expect to operate the acquired asset infrastructure under terminaling services agreements that will provide us with stable cash flows. Moreover, we believe that the value of any terminaling facilities that we acquire will be enhanced if we can concurrently obtain a terminaling services agreement with TransMontaigne Inc. or Morgan Stanley Capital Group.

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We have the ability to execute cost-effective expansion and asset enhancement opportunities. We have high utilization of our existing storage capacity, which enables us to focus on expanding our terminal capacity and acquiring additional terminal capacity for our current and future customers. In addition, the current expansion of our waterborne terminal capacity at our Gulf Coast terminals may facilitate a significant reduction in freight costs for our customers.

We have a substantial presence in Florida, which has significant demand for refined petroleum products, and is not currently served by any local refinery or interstate refined product pipeline. Seven of our terminals serve our customers' operations in metropolitan areas in Florida, which we believe to be an attractive area for the following reasons:

- Refined products are largely distributed in Florida through terminals with waterborne access, such as our terminals, because Florida has no refineries or interstate refined product pipelines.
- The Florida market is attractive to physical commodity traders because they can originate product supplies from multiple locations, both domestically and overseas, and transport the product to the terminal by vessel.
- The ports served by our terminals are among the busiest cruise ship ports in the United States, with year-round demand.

Through TransMontaigne Inc. and Morgan Stanley Capital Group, our general partner has access to a knowledgeable management team with significant experience in the energy industry and in executing acquisition and expansion strategies. The members of our general partner's management team have significant experience with regard to the implementation of acquisition, operating and growth strategies in many facets of the energy industry, including:

- crude oil marketing and transportation;
- natural gas and natural gas liquid gathering, processing, transportation and marketing;
- propane storage, transportation and marketing; and
- refined product storage, transportation and marketing.

Over the course of their respective careers, members of our general partner's management team have established strong, long-standing relationships within the energy industry, which we believe will enable us to grow and expand our business through both acquisitions and internal expansion. In addition, through our affiliation with Morgan Stanley Capital Group, we have access to its strong relationships throughout the energy industry.

Competition

We face competition from other terminals and pipelines that may be able to supply our customers with integrated terminaling and transportation services on a more competitive basis. We compete with national, regional and local terminal and transportation companies, including the major integrated oil companies, of widely varying sizes, financial resources and experience. These competitors include BP p.l.c., Chevron U.S.A. Inc., CITGO Petroleum Corporation, Conoco Phillips, Exxon Mobil Corporation, Amerada Hess Corporation, Holly Corporation and its affiliate Holly Energy Partners, L.P., Kinder Morgan, Inc. and its affiliate Kinder Morgan Energy Partners, L.P., Magellan Midstream Partners, L.P., Marathon Ashland Petroleum, LLC, Motiva Enterprises LLC, Murphy Oil Corporation, NuStar Energy L.P., Sunoco, Inc. and its affiliate Sunoco Logistics Partners L.P., and

terminals in the Caribbean. In particular, our ability to compete could be harmed by factors we cannot control, including:

- price competition from terminal and transportation companies, some of which are substantially larger than we are and have greater financial resources, and control substantially greater storage capacity, than we do;
- the perception that another company can provide better service; and
- the availability of alternative supply points, or supply points located closer to our customers' operations.

We also compete with national, regional and local terminal and transportation companies for acquisition and expansion opportunities. Some of these competitors are substantially larger than us and have greater financial resources and lower costs of capital than we do.

Significant Customer Relationships

We have several significant customer relationships from which we expect to continue to derive a substantial majority of our revenue for the foreseeable future. These relationships include:

Customer	Location
Morgan Stanley Capital Group	Gulf Coast, Midwest, Brownsville and Southeast facilities
TransMontaigne Inc	Gulf Coast and Brownsville facilities
Valero Marketing and Supply Company	River and Brownsville facilities
Marathon Petroleum Company LLC	Gulf Coast and River facilities
PMI Trading Limited, an affiliate of PEMEX	Brownsville facilities

Our Relationship With TransMontaigne Inc. And Morgan Stanley Capital Group

General. A majority of our business is devoted to providing integrated terminaling and transportation services to Morgan Stanley Capital Group. Pursuant to the terms of our terminaling services agreements with Morgan Stanley Capital Group, we expect to continue to derive a majority of our revenue from Morgan Stanley Capital Group for the foreseeable future.

We are controlled by our general partner, TransMontaigne GP L.L.C., which is an indirect wholly owned subsidiary of TransMontaigne Inc. Formed in 1995, TransMontaigne Inc. is a terminaling, distribution and marketing company that markets refined petroleum products to wholesalers, distributors and industrial and commercial end users throughout the United States, primarily in the Gulf Coast, Southeast and Midwest regions. TransMontaigne Inc. also owns a 100% interest in Olco Petroleum Group Inc., a Canadian petroleum marketing and terminaling company. As of February 26, 2010, TransMontaigne Inc. owned six refined product terminals; one dry bulk product terminal; a hydrant system in Port Everglades; and its distribution and marketing business. TransMontaigne Inc.'s marketing operations generally consist of the distribution and marketing of refined products through contract and rack spot sales in the physical markets. On September 1, 2006, a wholly owned subsidiary of Morgan Stanley Capital Group purchased all of the issued and outstanding capital stock of TransMontaigne Inc. TransMontaigne Inc. and Morgan Stanley Capital Group have a significant interest in our partnership through their ownership of common units representing limited partner interests equal to approximately 22.1% of our aggregate outstanding limited and general partner interests, our sole general partner interest (representing 2% of our aggregate outstanding limited and general partner interests) and the incentive distribution rights.

Morgan Stanley Capital Group is a leading global commodity trader involved in proprietary and counterparty-driven trading in numerous commodities markets including crude oil and refined products,

natural gas and natural gas liquids, coal, electric power, base and precious metals and others. Morgan Stanley Capital Group has been actively trading crude oil and refined products for over 20 years and on a daily basis trades millions of barrels of physical crude oil and refined products and exchange-traded and over-the-counter crude oil and refined product derivative instruments. Morgan Stanley Capital Group also invests as principal in acquisitions that complement Morgan Stanley's commodity trading activities. Morgan Stanley Capital Group has substantial strategic long-term storage capacity located on all three coasts of the United States, in Northwest Europe and Asia.

Rights of First Offer and Refusal

The omnibus agreement provides us with a right of first offer to purchase TransMontaigne Inc.'s and its subsidiaries' right, title and interest in the Pensacola, Florida refined petroleum products terminal and any assets acquired in an asset exchange transaction that replace the Pensacola assets. If we and TransMontaigne Inc. cannot agree on the terms of the purchase, TransMontaigne Inc. has the right during a six-month period following our offer to sell such assets to a third party bidder who pays at least 105% of the purchase price offered by us; provided that if TransMontaigne Inc. does not sell the assets to a third-party bidder during this period, we have the right to purchase the assets on the terms previously offered by us. This right of first offer is exercisable on or before December 15, 2010.

The omnibus agreement also provides TransMontaigne Inc. a right of first refusal to purchase any assets that we propose to sell. Before we enter into any contract to sell such terminal or pipeline facilities to a third party, we must give written notice of all material terms of such proposed sale to TransMontaigne Inc. TransMontaigne Inc. will then have the sole and exclusive option for a period of 45 days following receipt of the notice, to purchase the subject facilities for no less than 105% of the purchase price offered by the third party on the terms specified in the notice.

TransMontaigne Inc. also has a right of first refusal to contract for the use of any refined product storage capacity that we put into commercial service (i) after January 1, 2008, or (ii) was subject to a terminaling services agreement that expires or is terminated (excluding a contract renewable solely at the option of our customer) after January 1, 2008, provided that TransMontaigne Inc. agrees to pay 105% of the fees offered by the third party customer.

Terminaling Services Agreements

Florida Terminals and Razorback Pipeline System Terminaling Services Agreement—Morgan Stanley Capital Group. We have a terminaling services agreement with Morgan Stanley Capital Group relating to our Florida, Mt. Vernon, Missouri and Rogers, Arkansas terminals. Effective June 1, 2008, we amended the terminaling services agreement to include renewable fuels blending functionality at the Florida Terminals. The initial term expires on May 31, 2014 for the Florida terminals and on May 31, 2012 for the Razorback pipeline system. After the initial term, the terminaling services agreement will automatically renew for subsequent one-year periods, subject to either party's right to terminate with six months' notice prior to the end of the initial term or the then current renewal term. Under this agreement, Morgan Stanley Capital Group agreed to throughput a volume of refined product that will, at the fee and tariff schedule contained in the agreement, result in minimum throughput payments to us of approximately \$36.3 million for the contract year ending May 31, 2010 (approximately \$36.6 million for the contract year ending May 31, 2011); with stipulated annual increases in throughput payments each contract year thereafter. Morgan Stanley Capital Group's minimum annual throughput payment is reduced proportionately for any decrease in storage capacity due to out-of-service tank capacity.

If a force majeure event occurs that renders performance impossible with respect to an asset for at least 30 consecutive days, Morgan Stanley Capital Group's obligations would be temporarily suspended with respect to that asset. If a force majeure event continues for 30 consecutive days or more and

results in a diminution in the storage capacity we make available to Morgan Stanley Capital Group, Morgan Stanley Capital Group's minimum revenue commitment would be reduced proportionately for the duration of the force majeure event.

Morgan Stanley Capital Group may not assign the terminaling services agreement without our consent. Upon termination of the agreement, Morgan Stanley Capital Group has a right of first refusal to enter into a new terminaling services agreement with us, provided they pay no less than 105% of the fees offered by any third party.

Southeast Terminaling Services Agreement—Morgan Stanley Capital Group. We have a terminaling and transportation services agreement with Morgan Stanley Capital Group relating to our Southeast terminals. The terminaling services agreement commenced on January 1, 2008 and has a seven-year term expiring on December 31, 2014, subject to a seven-year renewal option at the election of Morgan Stanley Capital Group. Under this agreement, Morgan Stanley Capital Group agreed to throughput a volume of refined product at our Southeast terminals that will, at the fee schedule contained in the agreement, result in minimum throughput payments to us of approximately \$33.1 million for the contract year ending December 31, 2010; with stipulated annual increases in throughput payments each contract year thereafter. Morgan Stanley Capital Group's minimum annual throughput payment is reduced proportionately for any decrease in storage capacity due to out-of-service tank capacity. In exchange for its minimum throughput commitment, we agreed to provide Morgan Stanley Capital Group approximately 8.7 million barrels of light oil storage capacity at our Southeast terminals. Under this agreement we also agreed to undertake certain capital projects to provide renewable fuels blending functionality at certain of our Southeast terminals with estimated completion dates that extend through December 31, 2010. Upon completion of each of the projects, Morgan Stanley Capital Group has agreed to pay us an ethanol blending fee. At December 31, 2009, we had received payments totaling approximately \$17 million and we expect to receive future payments through December 31, 2010 from Morgan Stanley Capital Group in the range of \$4 million to \$8 million.

If a force majeure event occurs that renders performance impossible with respect to an asset for at least 30 consecutive days, Morgan Stanley Capital Group's obligations would be temporarily suspended with respect to that asset. If a force majeure event continues for 30 consecutive days or more and results in a diminution in the storage capacity we make available to Morgan Stanley Capital Group, Morgan Stanley Capital Group's minimum revenue commitment would be reduced proportionately for the duration of the force majeure event.

Morgan Stanley Capital Group may not assign the terminaling services agreement without our consent.

Collins Terminaling Services Agreement—Morgan Stanley Capital Group. In January 2010, we entered into a terminaling services agreement with Morgan Stanley Capital Group relating to our Collins, Mississippi facility that will expire seven years following the in-service date of certain tank capacity and other improvements to be constructed by us, subject to one-year automatic renewals unless terminated by either party upon 180 days notice prior to the end of the then-current renewal term. Under this agreement, Morgan Stanley Capital Group agreed to throughput a volume of light oil products at our terminal that will, at the fee schedule contained in the agreement, result in minimum throughput payments to us of approximately \$4.1 million for the one-year period following the in-service date. In exchange for its minimum revenue commitment, we agreed to undertake certain capital projects to provide an additional 700,000 barrels of light oil capacity and other improvements at the Collins terminal, with estimated completion to occur on or before May 1, 2011.

If a force majeure event occurs that renders performance impossible with respect to an asset for at least 30 consecutive days, Morgan Stanley Capital Group's obligations would be temporarily suspended with respect to that asset. If a force majeure event continues for 30 consecutive days or more and results in a diminution in the storage capacity we make available to Morgan Stanley Capital Group,

Morgan Stanley Capital Group's minimum revenue commitment would be reduced proportionately for the duration of the force majeure event.

Neither party may transfer or assign this agreement without the consent of the other party unless such assignment is to an affiliate or, in the case of Partners, a successor in interest to us or to the Collins terminal.

Southeast Terminaling Services Agreement—United States Government. We have a terminaling services agreement with the United States government that will expire on April 30, 2012. The United States government has the option to extend the agreement for two additional five-year increments. Pursuant to the terminaling services agreement, we agreed to provide the United States government with approximately 0.3 million barrels of light refined product storage capacity at our Selma, NC terminal.

Gulf Coast (Mobile) Terminaling Services Agreement—TransMontaigne Inc. We have a terminaling and transportation services agreement with TransMontaigne Inc. that will expire on December 31, 2012. Under this agreement, TransMontaigne Inc. agreed to throughput at our Mobile terminal a volume of refined products that will, at the fee schedule contained in the agreement, result in minimum revenue to us of approximately \$2.5 million for the contract year ending December 31, 2010.

Gulf Coast (Florida) Terminaling Services Agreement—Marathon. We have a terminaling services agreement with Marathon regarding approximately 1.0 million barrels of asphalt storage capacity throughout our Florida facilities that will expire on May 1, 2011. Under the terms of the Terminaling Services Agreement, we are proscribed from placing into commercial service any new or converted asphalt storage capacity at our Florida facilities without Marathon's express written consent.

River Terminaling Services Agreement—Valero. We have a terminaling services agreement with Valero that will expire on April 1, 2013. Pursuant to the terminaling services agreement, we agreed to provide Valero with approximately 1.1 million barrels of light refined product storage capacity, in the aggregate, at our Cape Girardeau, Evansville, Greenville, Henderson, Owensboro and Paducah terminals. Valero also has a right to match any third-party offer to use any existing, new or converted light refined product storage capacity that we put into commercial service at any of the River terminals subject to this agreement. If Valero fails to exercise its right to match, it has the right to terminate the terminaling services agreement in its entirety or with respect to the applicable terminal.

Brownsville LPG Terminaling Services Agreement—TransMontaigne Inc. We have a terminaling and transportation services agreement with TransMontaigne Inc. relating to our Brownsville, Texas facilities that will expire on March 31, 2010. Under this agreement, TransMontaigne Inc. agreed to throughput at our Brownsville facilities certain minimum volumes of natural gas liquids that will result in minimum revenue to us of approximately \$1.6 million per year. In exchange for TransMontaigne Inc.'s minimum throughput commitment, we agreed to provide TransMontaigne Inc. approximately 33,000 barrels of LPG storage capacity at our Brownsville facilities.

Matamoros LPG Terminaling Services Agreement—TransMontaigne Inc. During 2008, we entered into a terminaling and transportation services agreement with TransMontaigne Inc. relating to our natural gas liquids storage facility in Matamoros, Mexico that will expire on March 31, 2010. Under this agreement, TransMontaigne Inc. agreed to throughput a volume of natural gas liquids that will, at the fee schedule contained in the agreement, result in minimum throughput payments to us of approximately \$0.6 million per year. In exchange for TransMontaigne Inc.'s minimum throughput payments, we agreed to provide TransMontaigne Inc. approximately 7,000 barrels of natural gas liquids storage capacity.

Brownsville Terminaling Services Agreements—PMI Trading Limited. We have multiple terminaling services agreements with PMI Trading Limited, an affiliate of PEMEX, relating to our Brownsville,

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Texas facilities that, if not renewed, will expire between August 31, 2010 and June 30, 2016. Under these agreements, PMI agreed to throughput and store at our terminals certain minimum volumes of aviation gasoline, diesel, gasoline, jet fuel, distillate, and natural gas liquids. We also manage and operate an approximately 18-mile bi-directional pipeline on behalf of PMI.

Brownsville Terminaling Services Agreement—Morgan Stanley Capital Group. We have a terminaling and transportation services agreement with Morgan Stanley Capital Group, relating to our Brownsville, Texas facilities that will expire on October 31, 2010. Under this agreement, Morgan Stanley Capital Group agreed to store a specified minimum amount of fuel oils at our terminals that will result in minimum revenue to us of approximately \$1.3 million per year. In exchange for its minimum revenue commitment, we agreed to provide Morgan Stanley Capital Group a minimum amount of storage capacity for such fuel oils.

Brownsville Terminaling Services Agreement—Valero. We have a terminaling services agreement with Valero pursuant to which we agreed to provide Valero with approximately 168,000 barrels of heavy oil storage capacity at our Brownsville facilities. The current term of the terminaling services agreement expires on January 31, 2012. At the end of the current term, the terminaling services agreement will automatically renew for subsequent two-year periods, subject to either party's right to terminate with 90 days notice prior to the end of the then-current renewal term. In September 2009, we entered into an additional terminaling services agreement with Valero pursuant to which we agreed to provide Valero with approximately 147,000 barrels of light oil storage capacity at our Brownsville facilities. Under this agreement, we also agreed to undertake certain capital projects with estimated completion dates through August 1, 2010. The current term of the terminaling services agreement expires five years from the in-service date of certain capital projects. At the end of the current term, the terminaling services agreement will automatically renew for subsequent five-year periods, subject to either party's right to terminate with 90 days notice prior to the end of the then-current renewal term.

Oklahoma City Revenue Support Agreement—TransMontaigne Inc. We have a revenue support agreement with TransMontaigne Inc. that provides that in the event any current third-party terminaling agreement should expire, TransMontaigne Inc. agrees to enter into a terminaling services agreement that will expire no earlier than November 1, 2012. The terminaling services agreement will provide that TransMontaigne Inc. agrees to throughput such volume of refined product as may be required to guarantee minimum revenue to us of \$0.8 million per year. If TransMontaigne Inc. fails to meet its minimum revenue commitment in any year, it must pay us the amount of any shortfall within 15 business days following receipt of an invoice from us. In exchange for TransMontaigne Inc.'s minimum revenue commitment, we agreed to provide TransMontaigne Inc. approximately 153,000 barrels of light oil storage capacity at our Oklahoma City terminal. TransMontaigne Inc.'s minimum revenue commitment currently is not in effect because Shell is under contract through March 31, 2011, for the utilization of the light oil storage capacity at the terminal.

Brownsville and River Renewable Fuels Terminaling Services Agreement—TransMontaigne Inc. We have a terminaling and transportation services agreement with TransMontaigne Inc. relating to certain renewable fuels capacity at our Brownsville and River terminals that will expire on May 31, 2012. Under this agreement, TransMontaigne Inc. agreed to throughput at these terminals certain minimum volumes of renewable fuels that will, at the fee schedule contained in the agreement, result in minimum revenue to us of approximately \$0.6 million per year. In exchange for TransMontaigne Inc.'s minimum throughput commitment, we agreed to provide TransMontaigne Inc. approximately 116,000 barrels of storage capacity at these terminals.

Other Terminaling Services Agreements. We also have terminaling service agreements with other customers at our terminal facilities for throughput and storage of refined products, crude oil and other products. These agreements include various minimum throughput commitments, storage commitments and other terms, including duration, that we negotiate on a case-by-case basis.

Terminals and Pipeline Control Operations

The pipelines we own or operate are operated via geosynchronous satellite, microwave, radio and frame relay communication systems from a central control room located in Atlanta, Georgia. We also monitor activity at our terminals from this control room.

The control center operates with state-of-the-art System Control and Data Acquisition, or SCADA, systems. Our control center is equipped with computer systems designed to continuously monitor operational data, including refined product throughput, flow rates and pressures. In addition, the control center monitors alarms and throughput balances. The control center operates remote pumps, motors, engines, and valves associated with the receipt of refined products. The computer systems are designed to enhance leak-detection capabilities, sound automatic alarms if operational conditions outside of pre-established parameters occur, and provide for remote-controlled shutdown of pump stations on the pipeline. Pump stations and meter-measurement points on the pipeline are linked by satellite or telephone communication systems for remote monitoring and control. In addition, our Brownsville, Texas and Collins, Mississippi facilities contain full back-up/redundant disaster recovery systems covering all of our SCADA systems.

Safety and Maintenance

We perform preventive and normal maintenance on the pipeline and terminal systems we operate or own and make repairs and replacements when necessary or appropriate. We also conduct routine and required inspections of the pipeline and terminal tanks we operate or own as required by code or regulation. External coatings and impressed current cathodic protection systems are used to protect against external corrosion. We conduct all cathodic protection work in accordance with National Association of Corrosion Engineers standards. We continually monitor, test, and record the effectiveness of these corrosion-inhibiting systems.

We monitor the structural integrity of all of our Department of Transportation, or DOT, regulated pipeline systems. These pipeline systems include the Razorback pipeline; a 37-mile pipeline, known as the "Pinebelt pipeline," located in Covington County, Mississippi that transports refined petroleum liquids between our Collins and Collins/Purvis terminal facilities; a 1-mile diesel fuel pipeline, known as the "Belle Meade pipeline," owned by and operated for Virginia Power Corp. in Richmond, Virginia; the Diamondback pipeline; and an approximately 18-mile, bi-directional refined petroleum liquids pipeline in Texas, known as the "MB pipeline," that we operate and maintain on behalf of PMI Services North America, Inc., an affiliate of PEMEX. The maintenance of structural integrity includes a program of periodic internal inspections as well as hydrostatic testing that conforms to Federal standards. Beginning in 2002, the Department of Transportation, or DOT, required internal inspections or other integrity testing of all DOT-regulated crude oil and refined product pipelines. We believe that the pipelines we own and manage meet or exceed all DOT inspection requirements for all pipelines located in the United States, and meet or exceed the corresponding Mexican regulatory requirements for the portion of the Diamondback pipeline located in Mexico.

Maintenance facilities containing equipment for pipe repairs, spare parts, and trained response personnel are located along all of these pipelines. Employees participate in simulated spill deployment exercises on a regular basis. They also participate in actual spill response boom deployment exercises in planned spill scenarios in accordance with Oil Pollution Act of 1990 requirements. We believe that the pipelines we own and manage have been constructed and are maintained in all material respects in accordance with applicable federal, state, and local laws and the regulations and standards prescribed by the American Petroleum Institute, the DOT, and accepted industry practice.

At our terminals, tanks designed for gasoline storage are equipped with internal or external floating roofs that minimize emissions and prevent potentially flammable vapor accumulation between

fluid levels and the roof of the tank. Our terminal facilities have all required facility response plans, spill prevention and control plans, and other plans and programs to respond to emergencies.

Many of our terminal loading racks are protected with water deluge systems activated by either heat sensors or an emergency switch. Several of our terminals also are protected by foam systems that are activated in case of fire.

Safety Regulation

We are subject to regulation by the DOT under the Pipeline Inspection, Protection, Enforcement and Safety Act of 2006, or PIPES, and comparable state statutes relating to the design, installation, testing, construction, operation, replacement and management of the pipeline facilities we operate or own. PIPES covers petroleum and petroleum products and requires any entity that owns or operates pipeline facilities to comply with such regulations and also to permit access to and copying of records and to make certain reports and provide information as required by the Secretary of Transportation. We believe that we are in material compliance with these PIPES regulations.

The DOT Office of Pipeline Safety, or OPS, has promulgated regulations that require qualification of pipeline personnel. These regulations require pipeline operators to develop and maintain a written qualification program for individuals performing covered tasks on pipeline facilities. The intent of these regulations is to ensure a qualified work force and to reduce the probability and consequence of incidents caused by human error. The regulations establish qualification requirements for individuals performing covered tasks, and amends certain training requirements in existing regulations. We believe that we are in material compliance with these OPS regulations.

We also are subject to OPS regulation for High Consequence Areas, or HCAs, for Category 2 pipeline systems (companies operating less than 500 miles of jurisdictional pipeline). This regulation specifies how to assess, evaluate, repair and validate the integrity of pipeline segments that could impact populated areas, areas unusually sensitive to environmental damage and commercially navigable waterways, in the event of a release. The pipelines we own or manage are subject to these requirements. The regulation requires an integrity management program that utilizes internal pipeline inspection, pressure testing, or other equally effective means to assess the integrity of pipeline segments in HCAs. The program requires periodic review of pipeline segments in HCAs to ensure adequate preventative and mitigative measures exist. Through this program, we evaluated a range of threats to each pipeline segment's integrity by analyzing available information about the pipeline segment and consequences of a failure in an HCA. The regulation requires prompt action to address integrity issues raised by the assessment and analysis. We have completed baseline assessments for all segments.

Our terminals also are subject to various state regulations regarding our storage of refined product in aboveground storage tanks. These regulations require, among other things, registration of tanks, financial assurances and inspection and testing, consistent with the standards established by the American Petroleum Institute. We have completed baseline assessments for all of the segments and believe that we are in material compliance with these aboveground storage tank regulations.

We also are subject to the requirements of the federal Occupational Safety and Health Act, or OSHA, and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard, the Environmental Protection Agency, or EPA, community right-to-know regulations under Title III of the Federal Superfund Amendment and Reauthorization Act, and comparable state statutes require us to organize and disclose information about the hazardous materials used in our operations. Certain parts of this information must be reported to employees, state and local governmental authorities, and local citizens upon request. We believe that we are in material compliance with OSHA and state requirements, including general industry standards, record keeping requirements and monitoring of occupational exposures.

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In general, we expect to increase our expenditures during the next decade to comply with higher industry and regulatory safety standards such as those described above. Although we cannot estimate the magnitude of such expenditures at this time, we do not believe that they will have a material adverse impact on our results of operations.

Environmental Matters

Our operations are subject to stringent and complex laws and regulations pertaining to health, safety and the environment. As an owner or operator of refined product terminals and pipelines, we must comply with these laws and regulations at federal, state and local levels. These laws and regulations can restrict or impact our business activities in many ways, such as:

- requiring remedial action to mitigate releases of hydrocarbons, hazardous substances or wastes caused by our operations or attributable to former operators;
- requiring capital expenditures to comply with environmental control requirements; and
- enjoining the operations of facilities deemed in non-compliance with permits issued pursuant to such environmental laws and regulations.

Failure to comply with these laws and regulations may trigger a variety of administrative, civil and criminal enforcement measures, including the assessment of monetary penalties, the imposition of remedial requirements, and the issuance of orders enjoining future operations. Certain environmental statutes impose strict, joint and several liability for costs required to clean up and restore sites where hydrocarbons, hazardous substances or wastes have been released or disposed of. Moreover, it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the release of hydrocarbons, hazardous substances or other wastes into the environment.

The trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment. As a result, there can be no assurance as to the amount or timing of future expenditures that may be required for environmental compliance or remediation, and actual future expenditures may be different from the amounts we currently anticipate. We try to anticipate future regulatory requirements that may affect our operations and to plan accordingly to comply with and minimize the costs of such requirements.

We do not believe that compliance with federal, state or local environmental laws and regulations will have a material adverse effect on our business, financial position or results of operations. In addition, we believe that the various environmental activities in which we are presently engaged are not expected to materially interrupt or diminish our operational ability. We cannot assure you, however, that future events, such as changes in existing laws, the promulgation of new laws, or the development or discovery of new facts or conditions will not cause us to incur significant costs. The following is a discussion of certain material environmental concerns that relate to our business.

Water

The Federal Water Pollution Control Act of 1972, renamed and amended as the Clean Water Act or CWA, imposes strict controls against the discharge of pollutants, including oil and its derivatives into navigable waters. The discharge of pollutants into regulated waters is prohibited except in accordance with the regulations issued by the EPA or the state. We are subject to various types of storm water discharge requirements at our terminals. The EPA and a number of states have adopted regulations that require us to obtain permits to discharge storm water run-off from our facilities. Such permits may require us to monitor and sample the effluent from our operations. The cost involved in obtaining and renewing these storm water permits is not material. We believe that we are in substantial compliance with effluent limitations at our facilities and with the CWA generally.

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The CWA provides penalties for any discharges of petroleum products in reportable quantities and imposes substantial potential liability for the costs of removing an oil or hazardous substance spill. State laws for the control of water pollution also provide for various civil and criminal penalties and liabilities in the event of a release of petroleum or its derivatives in surface waters or into the groundwater. Spill prevention control and countermeasure requirements of federal laws require, among other things, appropriate containment be constructed around product storage tanks to help prevent the contamination of navigable waters in the event of a product tank spill, rupture or leak.

The primary federal law for oil spill liability is the Oil Pollution Act of 1990, as amended, or OPA, which addresses three principal areas of oil pollution—prevention, containment and cleanup. It applies to vessels, offshore platforms, and onshore facilities, including terminals, pipelines and transfer facilities. In order to handle, store or transport oil, shore facilities are required to file oil spill response plans with the United States Coast Guard, the OPS, or the EPA. Numerous states have enacted laws similar to OPA. Under OPA and similar state laws, responsible parties for a regulated facility from which oil is discharged may be liable for removal costs and natural resources damages. We believe that we are in substantial compliance with regulations pursuant to OPA and similar state laws.

Contamination resulting from spills or releases of refined products is an inherent risk in the petroleum terminal and pipeline industry. To the extent that groundwater contamination requiring remediation exists around the facilities we own as a result of past operations, we believe any such contamination is being controlled or remedied without having a material adverse effect on our financial condition. However, such costs can be unpredictable and are site specific and, therefore, the effect may be material in the aggregate.

Air Emissions

Our operations are subject to the federal Clean Air Act, or CAA, and comparable state and local statutes. The CAA requires most industrial operations in the United States to incur expenditures to meet the air emission control standards that are developed and implemented by the EPA and state environmental agencies. These laws and regulations regulate emissions of air pollutants from various industrial sources, including our operations, and also impose various monitoring and reporting requirements. Such laws and regulations may require a facility to obtain pre-approval for the construction or modification of certain projects or facilities expected to produce air emissions or result in the increase of existing air emissions and obtain and strictly comply with air permits containing requirements.

Many of our terminaling operations require air permits. These operations generally include volatile organic compound emissions (primarily hydrocarbons) associated with truck loading activities and tank working and breathing losses. The sources of these emissions are strictly regulated through the permitting process. Such regulation includes stringent control technology and extensive permit review and periodic renewal. The cost involved in obtaining and renewing these permits is not material.

Moreover, any of our facilities that emit volatile organic compounds or nitrogen oxides and are located in ozone non-attainment areas face increasingly stringent regulations, including requirements to install various levels of control technology on sources of pollutants. We believe that we are in substantial compliance with existing standards and regulations pursuant to the CAA and similar state and local laws, and we do not anticipate that implementation of additional regulations will have a material adverse effect on us.

Congress and numerous states are currently considering proposed legislation directed at reducing "greenhouse gas emissions." It is not possible at this time to predict how legislation that may be enacted to address greenhouse gas emissions would impact our operations. Although future laws and regulations could result in increased compliance costs or additional operating restrictions, they are not

expected to have a material adverse effect on our business, financial position, results of operations and cash flows.

Hazardous and Solid Waste

Our operations are subject to the federal Resource Conservation and Recovery Act, as amended, or RCRA, and comparable state laws, which impose detailed requirements for the handling, storage, treatment, and disposal of hazardous and solid waste. All of our terminal facilities are classified by the EPA as Conditionally Exempt Small Quantity Generators, except for Owensboro, Kentucky, Montvale, Virginia, Paducah, Kentucky and New Albany, Indiana (which are currently classified as Large Quantity Generators, but are expected to be eligible for re-classification as Conditionally Exempt Small Quantity Generators in the near future). Our terminals do not generate hazardous waste except in isolated and infrequent cases. At such times, only third party disposal sites which have been audited and approved by us are used. Our operations also generate solid wastes that are regulated under state law or the less stringent solid waste requirements of RCRA. We believe that we are in substantial compliance with the existing requirements of RCRA and similar state and local laws, and the cost involved in complying with these requirements is not material.

Site Remediation

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, or CERCLA, also known as the "Superfund" law, and comparable state laws impose liability without regard to fault or the legality of the original conduct, on certain classes of persons responsible for the release of hazardous substances into the environment. Such classes of persons include the current and past owners or operators of sites where a hazardous substance was released, and companies that disposed or arranged for disposal of hazardous substances at offsite locations such as landfills. In the course of our operations we will generate wastes or handle substances that may fall within the definition of a "hazardous substance." CERCLA authorizes the EPA and, in some cases, third parties to take actions in response to threats to the public health or the environment and to seek to recover from the responsible classes of persons the costs they incur. Under CERCLA, we could be subject to joint and several liability for the costs of cleaning up and restoring sites where hazardous substances have been released, for damages to natural resources, and for the costs of certain health studies. We believe that we are in substantial compliance with the existing requirements of CERCLA.

We currently own, lease, or operate numerous properties and facilities that for many years have been used for industrial activities, including refined product terminaling operations. Hazardous substances, wastes, or hydrocarbons may have been released on or under the properties owned or leased by us, or on or under other locations where such substances have been taken for disposal. In addition, some of these properties have been operated by third parties or by previous owners whose treatment and disposal or release of hazardous substances, wastes, or hydrocarbons, was not under our control. These properties and the substances disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove previously disposed substances and wastes (including substances disposed of or released by prior owners or operators), remediate contaminated property (including groundwater contamination, whether from prior owners or operators or other historic activities or spills), or perform remedial plugging or pit closure operations to prevent future contamination.

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For example, we are currently remediating two sites, one at our facility in Rogers, Arkansas and one at our facility in Owensboro, Kentucky. In October 2006, we experienced a release of product at our Rogers, Arkansas terminal that was caused by human error and did not involve any system malfunctions. Through December 31, 2009, the remediation costs incurred at the Rogers terminal were approximately \$3.6 million and we estimate that the total cost for completing the remediation will be between approximately \$4.5 million and approximately \$5.1 million. In October 2008, we experienced a release of product near our facility in Owensboro, Kentucky due to a leak in a line that connects the terminal's storage capacity to its dock facility. Through December 31, 2009, the remediation costs incurred at the Owensboro terminal were approximately \$2.8 million and we estimate that the total cost for completing the remediation will be between approximately \$6.1 million and approximately \$7.2 million. With respect to the costs of our remediation activity in these two locations, we believe that our share of the total remediation liability, net of probable reimbursements, will not exceed \$1.7 million in the aggregate.

Under an indemnification agreement, which contains the indemnification terms previously set forth in the omnibus agreement, TransMontaigne Inc. has agreed to indemnify us for five years after May 27, 2005 against certain potential environmental claims, losses and expenses associated with the operation of the Florida and Midwest terminals and occurring before May 27, 2005. TransMontaigne Inc.'s maximum liability for this indemnification obligation is \$15.0 million and it has no obligation to indemnify us for aggregate losses until such losses exceed \$250,000 in the aggregate. TransMontaigne Inc. has no indemnification obligations with respect to environmental claims made as a result of additions to or modifications of environmental laws promulgated after May 27, 2005. We have agreed to indemnify TransMontaigne Inc. against environmental liabilities related to our facilities, to the extent these liabilities are not subject to TransMontaigne Inc.'s indemnification obligations. TransMontaigne Inc. estimates that the total cost for remediating the contamination at the Florida terminals will be between approximately \$3.2 million and approximately \$9.2 million. TransMontaigne Inc.'s activities are being administered in part by the Florida Department of Environmental Protection under state-administered programs that encourage and help to fund all or a portion of the cleanup of contaminated sites. Under these programs, TransMontaigne Inc. has received, and believes that it is eligible to continue to receive, state reimbursement of a significant portion of the costs associated with the remediation of the Florida terminals. As such, TransMontaigne Inc. believes that its share of the total remediation liability, net of probable reimbursements, will be between approximately \$0.6 million and approximately \$3.4 million. TransMontaigne Inc.'s remediation liability, net of probable reimbursements, for the Midwest terminals is \$nil.

Under the purchase agreement for the Brownsville, Texas and River facilities, TransMontaigne Inc. agreed to indemnify us through December 31, 2011 against certain potential environmental liabilities associated with the operation of the Brownsville and River facilities that occurred on or prior to December 31, 2006. Our environmental losses must first exceed \$250,000 and TransMontaigne Inc.'s indemnification obligations are capped at \$15.0 million. The cap amount does not apply to any environmental liabilities known to exist as of December 31, 2006. TransMontaigne Inc. believes that its total remediation liability, net of probable reimbursements, for the Brownsville and River facilities will be between approximately \$0.4 million and approximately \$1.6 million.

Under the purchase agreement for the Southeast facilities, TransMontaigne Inc. has agreed to indemnify us through December 31, 2012, against certain potential environmental liabilities associated with the operation of the Southeast Terminals that occurred on or prior to December 31, 2007. Our environmental losses must first exceed \$250,000 and TransMontaigne Inc.'s indemnification obligations are capped at \$15.0 million, which cap amount does not apply to any environmental liabilities known to exist as of December 31, 2007. TransMontaigne Inc. believes its total remediation liability, net of probable reimbursements, for the Southeast facilities will be between approximately \$0.9 million and approximately \$1.6 million.

Endangered Species Act

The Endangered Species Act restricts activities that may affect endangered or threatened species or their habitats. While some of our facilities are in areas that may be designated as habitat for endangered or threatened species, we believe that we are in substantial compliance with the Endangered Species Act. However, the discovery of previously unidentified endangered or threatened species could cause us to incur additional costs or become subject to operating restrictions or bans in the affected area.

Operational Hazards and Insurance

Our terminal and pipeline facilities may experience damage as a result of an accident or natural disaster. These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, pollution or environmental damage and suspension of operations. We maintain insurance of various types that we consider adequate to cover our operations, properties and loss of income at specified locations. Coverage for domestic acts of terrorism as defined in Terrorism Risk Insurance Program Reauthorization Act 2007 are covered under certain casualty insurance policies.

The insurance covers all of our facilities in amounts that we consider to be reasonable. The insurance policies are subject to deductibles that we consider reasonable and not excessive. Our insurance does not cover every potential risk associated with operating terminals, pipelines and other facilities. Consistent with insurance coverage generally available to the industry, our insurance policies provide limited coverage for losses or liabilities relating to pollution, with broader coverage for sudden and accidental occurrences. The damages associated with Hurricane Ike and other recent tropical storms, and their overall effect on the Gulf Coast property insurance industry have adversely impacted the availability and cost of coastal property coverage.

We share insurance policies, including our general liability and pollution policies, with TransMontaigne Inc. These policies contain caps on the insurer's maximum liability under the policy, and claims made by either of TransMontaigne Inc. or us are applied against the caps. The possibility exists that, in any event in which we wish to make a claim under a shared insurance policy, our claim could be denied or only partially satisfied due to claims made by TransMontaigne Inc. against the policy cap.

Tariff Regulation

The Razorback pipeline, which runs between Mt. Vernon, Missouri and Rogers, Arkansas, and the Diamondback pipeline, which runs between Brownsville, Texas and Matamoros, Mexico, transport petroleum products subject to regulation by the FERC under the Interstate Commerce Act and the Energy Policy Act of 1992 and rules and orders promulgated under those statutes. FERC regulation requires that the rates of pipelines providing interstate service, such as the Razorback and Diamondback pipelines, be filed at FERC and posted publicly, and that these rates be "just and reasonable" and nondiscriminatory. Such rates are currently regulated by the FERC primarily through an index methodology, whereby a pipeline is allowed to change its rates based on the change from year to year in the Producer Price Index for Finished Goods (PPI-FG), plus a 1.3 percent adjustment for the period July 1, 2006 through June 30, 2011. In the alternative, interstate pipeline companies may elect to support rate filings by using a cost-of-service methodology, competitive market showings, or actual agreements between shippers and the oil pipeline company.

The FERC generally has not investigated interstate rates on its own initiative when those rates have not been the subject of a protest or a complaint by a shipper. A shipper or other party having a substantial economic interest in our rates could, however, challenge our rates. In response to such challenges, the FERC could investigate our rates. If our rates were successfully challenged, the amount

of cash available for distribution to unitholders could be reduced. In the absence of a challenge to our rates, given our ability to utilize either filed rates as annually indexed or to utilize rates tied to cost of service methodology, competitive market showing, or actual agreements between shippers and us, we do not believe that these regulations would have any negative material monetary impact on us unless the regulations were substantially modified in such a manner so as to prevent a pipeline company's ability to earn a fair return for the shipment of petroleum products utilizing its transportation system, which we believe to be an unlikely scenario.

On July 20, 2004, the United States Court of Appeals for the District of Columbia Circuit, or D.C. Circuit, issued its opinion in *BP West Coast Products, LLC v. FERC*, which vacated the portion of the FERC's decision applying the *Lakehead* policy, under which the FERC allowed a regulated entity organized as a master limited partnership to include in its cost-of-service an income tax allowance to the extent that entity's unitholders were corporations subject to income tax. On May 4, 2005, the FERC adopted a policy statement providing that all entities owning public utility assets—oil and gas pipelines and electric utilities—would be permitted to include an income tax allowance in their cost-of-service rates to reflect the actual or potential income tax liability attributable to their public utility income, regardless of the form of ownership. Any tax pass-through entity seeking an income tax allowance would have to establish that its partners or members have an actual or potential income tax obligation on the entity's public utility income. The FERC's new policy was subsequently challenged before the D.C. Circuit and on May 29, 2007, the D.C. Circuit denied the petitions for review with respect to the income tax allowance issues. As the FERC continues to apply this policy in individual cases, the ultimate impact remains uncertain. If the FERC were to act to substantially reduce or eliminate the right of a master limited partnership to include in its cost-of-service an income tax allowance to reflect actual or potential income tax liability on public utility income, it may become more difficult for the Razorback and Diamondback pipelines to justify their rates if challenged in a protest or complaint.

In addition to being regulated by the FERC, we are required to maintain a Presidential Permit from the United States Department of State to operate and maintain the Diamondback pipeline, because the pipeline transports petroleum products across the international boundary line between the United States and Mexico. The Department of State's regulations do not affect our rates but do require the agency's approval for the international crossing. We do not believe that these regulations would have any negative material monetary impact on us unless the regulations were substantially modified, which we believe to be an unlikely scenario.

Title to Properties

The Razorback and Diamondback pipelines are generally constructed on easements and rights-of-way granted by the apparent record owners of the property and in some instances these grants are revocable at the election of the grantor. Several rights-of-way for the Razorback pipeline and other real property assets are shared with other pipelines and other assets owned by affiliates of TransMontaigne Inc. and by third parties. We have become aware that the location of our Diamondback pipeline deviates from the boundaries of certain easements obtained when the pipeline was built. We currently are investigating the situation and negotiating with individual landowners regarding several of the easements for the Diamondback pipeline in the United States and Mexico. In many instances, lands over which rights-of-way have been obtained are subject to prior liens that have not been subordinated to the right-of-way grants. We have obtained permits from public authorities to cross over or under, or to lay facilities in or along, watercourses, county roads, municipal streets, and state highways and, in some instances, these permits are revocable at the election of the grantor. We have also obtained permits from railroad companies to cross over or under lands or rights-of-way, many of which are also revocable at the grantor's election. In some cases, property for pipeline purposes was purchased in fee.

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Some of the leases, easements, rights-of-way, permits, licenses and franchise ordinances transferred to us will require the consent of the grantor to transfer these rights, which in some instances is a governmental entity. Our general partner has obtained or is in the process of obtaining sufficient third-party consents, permits, and authorizations for the transfer of the facilities necessary for us to operate our business in all material respects as described in this annual report. With respect to any consents, permits, or authorizations that have not been obtained, our general partner believes that these consents, permits, or authorizations will be obtained, or that the failure to obtain these consents, permits, or authorizations would not have a material adverse effect on the operation of our business.

Our general partner believes that we have satisfactory title to all of our assets. Although title to these properties is subject to encumbrances in some cases, such as customary interests generally retained in connection with acquisition of real property, liens that can be imposed in some jurisdictions for government-initiated action to clean up environmental contamination, liens for current taxes and other burdens, and easements, restrictions, and other encumbrances to which the underlying properties were subject at the time of our acquisition, our general partner believes that none of these burdens should materially detract from the value of these properties or from our interest in these properties or should materially interfere with their use in the operation of our business.

Employees

TransMontaigne GP L.L.C. is our general partner and manages our operations and activities. TransMontaigne GP L.L.C. is an indirect wholly owned subsidiary of TransMontaigne Inc. Likewise, TransMontaigne Services Inc. is an indirect wholly owned subsidiary of TransMontaigne Inc. and employs the personnel who provide support to TransMontaigne Inc.'s operations, as well as our operations. As of February 19, 2010, TransMontaigne Services Inc. had approximately 588 employees, of whom 315 provide services directly to us. As of February 19, 2010, none of TransMontaigne Services Inc.'s employees who provide services directly to us were covered by a collective bargaining agreement. TransMontaigne Services Inc. considers its employee relations to be good.

ITEM 1A. RISK FACTORS

Our business, operations and financial condition are subject to various risks. You should consider carefully the following risk factors, in addition to the other information set forth in this annual report in connection with any investment in our securities. Limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a similar business. If any of the following risks actually occurs, our business, financial condition, results of operations or cash flows could be materially adversely affected. In that case, we might not be able to continue to make distributions on our common units at current levels, or at all. As a result of any of these risks, the market value of our common units representing limited partnership interests could decline, and investors could lose all or a part of their investment.

Risks Inherent in Our Business

We depend upon a relatively small number of customers for a substantial majority of our revenue. A substantial reduction of revenue from one or more of these customers would have a material adverse effect on our financial condition and results of operations.

We expect to derive a substantial majority of our revenue from a small number of significant customers for the foreseeable future. Events that adversely affect the business operations of any one or more of our significant customers may adversely affect our financial condition or results of operations. Therefore, we are indirectly subject to the business risks of our significant customers, many of which are similar to the business risks we face. For example, a material decline in refined petroleum product

supplies available to our customers, or a significant decrease in our customers' ability to negotiate marketing contracts on favorable terms, could result in a material decline in the use of our tank capacity or throughput of product at our terminal facilities, which would likely cause our revenue and results of operations to decline. In addition, if any of our significant customers were unable to meet its contractual commitments to us for any reason, then our revenue and cash flow would decline.

The obligations of several of our key customers under their terminaling services agreements may be reduced or suspended in some circumstances, which would adversely affect our financial condition and results of operations.

Our agreements with several of our significant customers provide that, if any of a number of events occur, which we refer to as events of force majeure, and the event renders performance impossible with respect to a facility, usually for a specified minimum period of days, our customer's obligations would be temporarily suspended with respect to that facility. In that case, a significant customer's minimum revenue commitment may be reduced or the contract may be subject to termination. As a result, our revenue and results of operations could be materially adversely affected.

If one or more of our current terminaling services agreements is terminated or expires and we are unable to secure comparable alternative arrangements, our financial condition and results of operations will be adversely affected.

We have terminaling services agreements that expire on various dates ranging from 2010 to 2016. After the expiration of each of these terminaling services agreements, the customers may elect not to continue to engage us to provide services. In addition, even if a customer does engage us, the terms of any renegotiated agreement may be less favorable than the agreement it replaces. In either case, we may not be able to generate sufficient additional revenue from third parties to replace any shortfall in revenue or increase in costs. Additionally, we may incur substantial costs if modifications to our terminals are required by a new or renegotiated terminaling services agreement. To the extent a customer does not extend or renew a terminaling services agreement, if we extend or renew such a terminaling services agreement on less favorable terms or if we must incur substantial costs in relation to a new or renegotiated terminaling services agreement, our financial condition and results of operations could be adversely affected.

Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities.

Our level of debt could have important consequences to us. For example our level of debt could:

- impair our ability to obtain additional financing, if necessary, for distributions to unitholders, working capital, capital expenditures, acquisitions or other purposes;
- require us to dedicate a substantial portion of our cash flow to make principal and interest payments on our debt, reducing the funds that would otherwise be available for operations and future business opportunities;
- make us more vulnerable to competitive pressures, changes in interest rates or a downturn in our business or the economy generally;
- impair our ability to make quarterly distributions to our unitholders; and
- limit our flexibility in responding to changing business and economic conditions.

If our operating results are not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing distributions, reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt, or

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seeking additional equity capital. We may not be able to affect any of these actions on satisfactory terms, or at all.

Our senior secured credit facility also contains covenants limiting our ability to make distributions to unitholders in certain circumstances. In addition, our senior secured credit facility contains various covenants that limit, among other things, our ability to incur indebtedness, grant liens or enter into a merger, consolidation or sale of assets. Furthermore, our senior secured credit facility contains covenants requiring us to maintain certain financial ratios and tests. Any future breach of any of these covenants or our failure to meet any of these ratios or conditions could result in a default under the terms of our senior secured credit facility, which could result in acceleration of our debt and other financial obligations. If we were unable to repay those amounts, the lenders could initiate a bankruptcy proceeding or liquidation proceeding or proceed against the collateral.

In the event we are required to refinance our existing debt in unfavorable market conditions, we may have to pay higher interest rates and be subject to more stringent financial covenants, which could adversely affect our results of operations and may impair our ability to make quarterly distributions to our unitholders.

Our existing senior secured credit facility matures by its terms in December 2011. At December 31, 2009, we had outstanding borrowings of approximately \$165.0 million under our senior secured credit facility. Our credit facility provides that we pay interest on outstanding balances at interest rates based on market rates plus specified margins, ranging from 1.5% to 2.5% depending on the total leverage ratio in the case of loans with interest rates based on LIBOR, and ranging from 0.5% to 1.5% depending on the total leverage ratio in the case of loans with interest rates based on the prime rate. In the event we are required to refinance our senior secured credit facility in unfavorable market conditions, we may have to pay interest at higher rates on outstanding borrowings and may be subject to more stringent financial covenants than we are today, which could adversely affect our results of operations and may impair our ability to make quarterly distributions to our unitholders.

Our continued working capital requirements, distributions to unitholders and expansion programs may require access to additional capital. Tightened credit markets or more expensive capital could impair our ability to maintain or grow our operations, or to fund distributions to our unitholders.

Our primary liquidity needs are to fund our working capital requirements, distributions to unitholders and capital expenditures. At December 31, 2009, our senior secured credit facility provides for a maximum borrowing line of credit equal to \$200 million, which may be increased by up to an additional \$100 million subject to the approval of the administrative agent and the receipt of additional commitments from one or more lenders. At December 31, 2009, our outstanding borrowings under the senior secured credit facility were approximately \$165 million, resulting in available capacity of approximately \$35 million. At December 31, 2009, we have capital projects that currently are or will be under construction with estimated completion dates that extend through March 31, 2011, pursuant to which we expect to incur between \$29 million and \$33 million in remaining capital expenditures. We expect to fund these capital expenditures with additional borrowings under our senior secured credit facility and payments from Morgan Stanley Capital Group in the range of \$4 million to \$8 million, which are due and payable upon completion of certain of the capital projects. Upon our payment of the remaining capital expenditures to complete the capital projects referred to above, our receipt of payments from Morgan Stanley Capital Group and a reduction in our outstanding borrowings under the senior secured credit facility considering the net proceeds and cash contribution of approximately \$52.1 million from our January 15, 2010 equity offering, we currently expect to have approximately \$60 million in available capacity under our senior secured credit facility. If we cannot obtain adequate financing to complete the approved capital projects while maintaining our current operations, we may not be able to continue to operate our business as it is currently conducted, or we may be unable to maintain or grow the quarterly distribution to our unitholders.

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Moreover, our long term business strategies include acquiring additional energy-related terminaling and transportation facilities and further expansion of our existing terminal capacity. We will need to raise additional funds to grow our business and implement these strategies. We anticipate that such additional funds would be raised through equity or debt financings. Any equity or debt financing, if available at all, may not be on terms that are favorable to us. An inability to access the capital markets may result in a substantial increase in our leverage and have a detrimental impact on our creditworthiness. If we cannot obtain adequate financing, we may not be able to fully implement our business strategies, and our business, results of operations and financial condition would be adversely affected.

Morgan Stanley Capital Group, which is our largest customer and controls our general partner, is owned by Morgan Stanley. On September 21, 2008, Morgan Stanley became a bank holding company under applicable federal banking law and regulations, which impose regulatory limitations on Morgan Stanley's ability to conduct certain nonbanking activities or retain or make certain investments. If the Board of Governors of the Federal Reserve System, or the FRB, determines that any of our activities or investments would be impermissible under the Bank Holding Company Act, or BHC Act, and Morgan Stanley is unable to obtain relief from the FRB within the statutory two-year grace period, with the possibility of three one-year extensions, Morgan Stanley (i) may cause us to discontinue any such activity or divest any such investment, or (ii) may transfer control of our general partner to an unaffiliated third party, prior to the end of the referenced grace period.

On September 21, 2008, Morgan Stanley obtained the approval of the Board of Governors of the Federal Reserve System, or the FRB, to become a bank holding company. Two days later, Morgan Stanley became a financial holding company under the BHC Act. As a financial holding company, Morgan Stanley will be able to engage in any activity that is financial in nature, incidental to a financial activity or complementary to a financial activity. The BHC Act, by its terms, provides any company, such as Morgan Stanley, that becomes a financial holding company a two-year grace period to conform its existing nonfinancial activities and investments to the requirements of the BHC Act with the possibility of three one-year extensions. The BHC Act grandfathers "activities related to the trading, sale or investment in commodities and underlying physical properties," provided that Morgan Stanley conducted any such type of activities as of September 30, 1997 and provided that certain other conditions are satisfied, which conditions are reasonably in the control of Morgan Stanley. In addition, the BHC Act permits the FRB to determine by regulation or order that certain activities are complementary to a financial activity and do not pose a risk to safety and soundness. The FRB has previously determined that a range of commodities activities are either financial in nature, incidental to a financial activity, or complementary to a financial activity.

During April 2009, Morgan Stanley advised us that it has conducted an internal review and has concluded that, based upon its review, all of our activities and investments are permissible under the BHC Act.

The FRB has not yet completed its review of these activities and investments. The FRB could conclude that certain of our activities or investments will not be deemed permissible under the BHC Act. If so, Morgan Stanley (i) may cause us to discontinue any such activity or divest any such investment or (ii) may transfer control of our general partner to an unaffiliated third party, prior to the end of the referenced grace period. We are unable to predict whether, if either of these actions is required, it would have a material adverse impact on our financial condition or results of operations.

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Upon becoming a financial holding company, Morgan Stanley became subject to the consolidated supervision and regulation of the FRB. As a result, our general partner, which is an indirectly wholly owned subsidiary of Morgan Stanley, and the Partnership are now also subject to such supervision and regulation. In addition, the statutes and regulations governing the activities of financial holding companies are subject to change from time to time. We are currently unable to predict whether becoming subject to the consolidated supervision and regulation affecting Morgan Stanley as a financial holding company, or any future changes in the statutes and regulations governing the activities of financial holding companies, will have a material impact on us, or what any such impact may be.

We are currently unable to predict whether the FRB will conclude that certain of our activities or investments will not be deemed permissible under the BHC Act. We are therefore unable to predict whether Morgan Stanley would be required to cause us to discontinue any such activities or investments, or whether Morgan Stanley would be required to transfer control of our general partner to an unaffiliated third party. We are, therefore, also unable to predict whether, if either of these actions is required, it would have a material adverse impact on our financial condition or results of operation. We also cannot currently predict whether, if Morgan Stanley is required to transfer control of our general partner to an unaffiliated third party, it would materially affect our relationship with Morgan Stanley Capital Group, or materially adversely affect our results of operations or financial condition. In addition, the uncertainty surrounding our future relationship with Morgan Stanley may suppress the market value of our common units.

If we do not make acquisitions on economically acceptable terms, any future growth will be limited.

Our ability to grow is dependent principally on our ability to make acquisitions that are attractive because they are expected to result in an increase in our quarterly distributions to unitholders. Our acquisition strategy is based, in part, on our expectation of ongoing divestitures of product terminal and transportation facilities by large industry participants. A material decrease in such divestitures would limit our opportunities for future acquisitions and could adversely affect our operations and cash flows.

In addition, we may be unable to make attractive acquisitions for any of the following reasons, among others:

- because we are outbid by competitors, some of which are substantially larger than us and have greater financial resources and lower costs of capital than we do;
- because we are unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts with them, or acceptable terminaling services contracts with them or another customer; or
- because we are unable to raise financing for such acquisitions on economically acceptable terms.

If we consummate future acquisitions, our capitalization and results of operations may change significantly.

Any acquisitions we make are subject to substantial risks, which could adversely affect our financial condition and results of operations.

Any acquisition involves potential risks, including risks that we may:

- fail to realize anticipated benefits, such as cost-savings or cash flow enhancements;
- decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions;
- significantly increase our interest expense or financial leverage if we incur additional debt to finance acquisitions;

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- encounter difficulties operating in new geographic areas or new lines of business;
- incur or assume unanticipated liabilities, losses or costs associated with the business or assets acquired for which we are not indemnified or for which the indemnity is inadequate;
- be unable to hire, train or retain qualified personnel to manage and operate our growing business and assets;
- less effectively manage our historical assets because of the diversion of management's attention; or
- incur other significant charges, such as impairment of goodwill or other intangible assets, asset devaluation or restructuring charges.

If any acquisitions we ultimately consummate result in one or more of these outcomes, our financial condition and results of operations may be adversely affected.

For example, effective December 31, 2007, we acquired the Diamondback Pipeline running from Brownsville, Texas to Matamoros, Mexico, with associated rights of way and easements. In late 2008 and early 2009, we were notified that the location of the pipeline deviates in certain respects from the easements granted in connection with its construction. We are continuing to investigate the situation and negotiate with individual landowners regarding several of the easements for the pipelines in the United States and Mexico. In the event we are unable to correct the easements and are instead required to relocate a portion of the Diamondback pipeline to conform with the current easements, we could incur significant costs and our results of operations and cash flows may be adversely affected.

Competition from other terminals and pipelines that are able to supply our customers with storage capacity at a lower price could adversely affect our financial condition and results of operations.

We face competition from other terminals and pipelines that may be able to supply our customers with integrated terminaling services on a more competitive basis. We compete with national, regional and local terminal and pipeline companies, including the major integrated oil companies, of widely varying sizes, financial resources and experience. Our ability to compete could be harmed by factors we cannot control, including:

- price competition from terminal and transportation companies, some of which are substantially larger than us and have greater financial resources and control substantially greater product storage capacity, than we do;
- the perception that another company may provide better service; and
- the availability of alternative supply points or supply points located closer to our customers' operations.

If we are unable to compete with services offered by other enterprises, our financial condition and results of operations would be adversely affected.

We are exposed to the credit risks of Morgan Stanley Capital Group and TransMontaigne Inc. and our other significant customers, which could affect our creditworthiness. Any material nonpayment or nonperformance by such customers could also adversely affect our financial condition and results of operations.

Because of Morgan Stanley Capital Group's and TransMontaigne Inc.'s ownership interest in and control of us, the strong operational links between Morgan Stanley Capital Group and TransMontaigne Inc. and us and our reliance on Morgan Stanley Capital Group and TransMontaigne Inc. for a substantial majority of our revenue, if one or more credit rating agencies were to view unfavorably the credit quality of Morgan Stanley Capital Group or TransMontaigne Inc.,

we could experience an increase in our borrowing costs or difficulty accessing capital markets. Such a development could adversely affect our ability to grow our business.

We are subject to risks of loss resulting from nonpayment or nonperformance by our other significant customers. Some of our significant customers may be highly leveraged and subject to their own operating and regulatory risks. Any material nonpayment or nonperformance by our other significant customers could require us to pursue substitute customers for our affected assets or provide alternative services. There can be no assurance that any such efforts would be successful or would provide similar fees. These events could adversely affect our financial condition and results of operations.

A significant decrease in demand for refined products due to price volatility or adverse economic conditions may cause one or more of our significant customers to reduce their use of our tank capacity and throughput volumes at our terminal facilities, which would adversely affect our financial condition and results of operations.

The recent volatile market conditions, economic recession resulting in lower consumer spending on gasolines, distillates and travel, and record high prices of refined products as seen during 2008 may cause a reduction in demand for refined products, which could result in a material decline in the use of our tank capacity or throughput of product at our terminal facilities. Additionally, the continued volatility in the price of refined products may render our customers' hedging activities ineffective, which could cause one or more of our significant customers to decrease their supply and marketing activities in order to reduce their exposure to price fluctuations.

Additional factors that could lead to a decrease in market demand for refined products include:

- an increase in the market price of crude oil that leads to higher refined product prices;
- higher fuel taxes or other governmental or other regulatory actions that increase, directly or indirectly, the cost of gasolines or other refined products; or
- a shift by consumers to more fuel-efficient or alternative fuel vehicles or an increase in fuel economy, whether as a result of technological advances by manufacturers, pending legislation proposing to mandate higher fuel economy or otherwise.

Any decrease in supply and marketing activities may result in reduced throughput volumes at our terminal facilities, which would adversely affect our financial condition and results of operations.

Because of recent, unprecedented contraction in global financial and credit markets, one or more of our significant customers may become unable to secure financing arrangements adequate to purchase their desired volume of product, which could reduce use of our tank capacity and throughput volumes at our terminal facilities and adversely affect our financial condition and results of operations.

The contraction in the global financial and credit markets in 2008 and 2009 has adversely affected the liquidity of many large financial institutions and may affect other businesses in the future. In part, these conditions have reduced the credit available to various enterprises, including those involved in the supply and marketing of refined products. As a result of these conditions, some of our customers may suffer short or long-term reductions in their ability to finance their supply and marketing activities, or may voluntarily elect to reduce their supply and marketing activities in order to preserve working capital. A significant decrease in our customers' ability to secure financing arrangements adequate to support their historic refined product throughput volumes could result in a material decline in use of our tank capacity or the throughput of refined product at our terminal facilities. In the current economic climate, we may not be able to generate sufficient additional revenue from third parties to replace any shortfall in revenue from our current customers, which would likely cause our revenue and

results of operations to decline and may impair our ability to make quarterly distributions to our unitholders.

Our business involves many hazards and operational risks, including adverse weather conditions, which could cause us to incur substantial liabilities and increased operating costs.

Our operations are subject to the many hazards inherent in the terminaling and transportation of products, including:

- leaks or accidental releases of products or other materials into the environment, whether as a result of human error or otherwise;
- extreme weather conditions, such as hurricanes, tropical storms, and rough seas, which are common along the Gulf Coast;
- explosions, fires, accidents, mechanical malfunctions, faulty measurement and other operating errors; and
- acts of terrorism or vandalism.

If any of these events were to occur, we could suffer substantial losses because of personal injury or loss of life, severe damage to and destruction of storage tanks, pipelines and related property and equipment, and pollution or other environmental damage resulting in curtailment or suspension of our related operations and potentially substantial unanticipated costs for the repair or replacement of property and environmental cleanup. In addition, if we suffer accidental releases or spills of products at our terminals or pipelines, we could be faced with material third-party costs and liabilities, including those relating to claims for damages to property and persons. For example, in October 2008 we experienced a release of product at our facility in Owensboro, Kentucky, which we anticipate will result in approximately \$0.9 million in unreimbursed environmental remediation costs and product losses. Furthermore, events like hurricanes can affect large geographical areas which can cause us to suffer additional costs and delays in connection with subsequent repairs and operations because contractors and other resources are not available, or are only available at substantially increased costs following widespread catastrophes.

Expanding our business by constructing new facilities subjects us to risks that the project may not be completed on schedule and that the costs associated with the project may exceed our estimates or budgeted costs, which could adversely affect our financial condition and results of operations.

The construction of additions or modifications to our existing terminal and transportation facilities, and the construction of new terminals and pipelines, involves numerous regulatory, environmental, political, legal and operational uncertainties beyond our control and requires the expenditure of significant amounts of capital. If we undertake these projects, they may not be completed on schedule or at all and may exceed the budgeted cost. Moreover, our revenue may not increase immediately upon the expenditure of funds on a particular project. For instance, if we construct additional storage capacity, the construction may occur over an extended period of time, and we will not receive any material increases in revenue until the project is completed. Moreover, we may construct additional storage capacity to capture anticipated future growth in consumption of products in a market in which such growth does not materialize.

Because of our lack of asset diversification, adverse developments in our terminals or pipeline operations could adversely affect our revenue and cash flows.

We rely exclusively on the revenue generated from our terminals and pipeline operations. Because of our lack of diversification in asset type, an adverse development in these businesses would have a

significantly greater impact on our financial condition and results of operations than if we maintained more diverse assets.

Our operations are subject to governmental laws and regulations relating to the protection of the environment that may expose us to significant costs and liabilities.

Our business is subject to the jurisdiction of numerous governmental agencies that enforce complex and stringent laws and regulations with respect to a wide range of environmental, safety and other regulatory matters. We could be adversely affected by increased costs resulting from more strict pollution control requirements or liabilities resulting from non-compliance with required operating or other regulatory permits. New environmental laws and regulations might adversely impact our activities, including the transportation, storage and distribution of petroleum products. Federal, state and local agencies also could impose additional safety requirements, any of which could affect our profitability. Furthermore, our failure to comply with environmental or safety related laws and regulations also could result in the assessment of administrative, civil and criminal penalties, the imposition of investigatory and remedial obligations and even the issuance of injunctions that restrict or prohibit the performance of our operations.

Terrorist attacks, and the threat of terrorist attacks, have resulted in increased costs to our business. Continued hostilities in the Middle East or other sustained military campaigns may adversely impact our ability to make distributions to our unitholders.

The long-term impact of terrorist attacks, such as the attacks that occurred on September 11, 2001, and the threat of future terrorist attacks, on the energy transportation industry in general, and on us in particular, is impossible to predict. Increased security measures that we have taken as a precaution against possible terrorist attacks have resulted in increased costs to our business. Uncertainty surrounding continued hostilities in the Middle East or other sustained military campaigns may affect our operations in unpredictable ways, including the possibility that infrastructure facilities could be direct targets of, or indirect casualties of, an act of terrorism.

We are not fully insured against all risks incident to our business, and could incur substantial liabilities as a result.

We may not be able to maintain or obtain insurance of the type and amount we desire at reasonable rates. As a result of market conditions, premiums and deductibles for certain of our insurance policies have increased substantially, and could escalate further. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. For example, our insurance carriers require broad exclusions for losses due to terrorist acts. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our financial condition. In accordance with typical industry practice, we do not have any property or title insurance on the Razorback and Diamondback pipelines.

We share insurance policies, including our general liability and pollution policies, with TransMontaigne Inc. These policies contain caps on the insurer's maximum liability under the policy, and claims made by either of TransMontaigne Inc. or us are applied against the caps. In the event we reach the cap, we would seek to acquire additional insurance in the marketplace; however, we can provide no assurance that such insurance would be available or if available, at a reasonable cost. The possibility exists that, in any event in which we wish to make a claim under a shared insurance policy, our claim could be denied or only partially satisfied due to claims made by TransMontaigne Inc. against the policy cap.

Many of our storage tanks and portions of our pipeline system have been in service for several decades that could result in increased maintenance or remediation expenditures, which could adversely affect our results of operations and our ability to pay cash distributions.

Our pipeline and storage assets are generally long-lived assets. As a result, some of those assets have been in service for many decades. The age and condition of these assets could result in increased maintenance or remediation expenditures. Any significant increase in these expenditures could adversely affect our results of operations, financial position and cash flows, as well as our ability to pay cash distributions.

Risks Inherent in an Investment in Us

We may not have sufficient cash from operations to enable us to maintain or grow the distribution to our unitholders following establishment of cash reserves and payment of fees and expenses, including payments to our general partner.

The amount of cash we can distribute on our common units principally depends upon the amount of cash we generate from our operations, which will fluctuate from quarter to quarter based on, among other things:

- the level of consumption of products in the markets in which we operate;
- the prices we obtain for our services;
- the level of our operating costs, including payments to our general partner; and
- prevailing economic conditions.

Additionally, the actual amount of cash we have available for distribution to our unitholders depends on other factors such as:

- the level of capital expenditures we make;
- the restrictions contained in our debt instruments and our debt service requirements;
- fluctuations in our working capital needs; and
- the amount, if any, of reserves, including reserves for future capital expenditures and other matters, established by our general partner in its discretion.

The amount of cash we have available for distribution to our unitholders depends primarily on our cash flow, including cash flow from operations and working capital borrowings, and not solely on profitability, which will be affected by non-cash items. As a result, we may make cash distributions to our unitholders during periods when we incur net losses and may not make cash distributions to our unitholders during periods when we generate net earnings. We may not be able to obtain debt or equity financing on terms that are favorable to us, if at all, and we may be required to fund our working capital requirements principally on cash generated by our operations and borrowings under our senior secured credit facility. As a result, we may not be able to maintain or grow our quarterly distribution to our unitholders.

TransMontaigne Inc. controls our general partner, which has sole responsibility for conducting our business and managing our operations. TransMontaigne Inc. and Morgan Stanley Capital Group have conflicts of interest and limited fiduciary duties, which may permit them to favor their own interests to our detriment.

TransMontaigne GP L.L.C. is our general partner and manages our operations and activities. TransMontaigne GP L.L.C. is an indirect wholly owned subsidiary of TransMontaigne Inc. Likewise, TransMontaigne Services Inc. is an indirect wholly owned subsidiary of TransMontaigne Inc. and

employs the personnel who provide support to TransMontaigne Inc.'s operations, as well as our operations. TransMontaigne Inc., in turn, is wholly owned by Morgan Stanley Capital Group, which is the principal commodities trading arm of Morgan Stanley. Neither our general partner nor its board of directors is elected by our unitholders and our unitholders have no right to elect our general partner or its board of directors on an annual or other continuing basis. Furthermore, unitholders may be unable to remove our general partner without its consent because our general partner and its affiliates own units representing approximately 22.5% of our aggregate outstanding limited partner interests. The vote of the holders of at least 66²/₃% of all outstanding common units, including any common units owned by our general partner and its affiliates, but excluding the general partner interest, voting together as a single class, is required to remove our general partner.

Additionally, any or all of the provisions of our omnibus agreement with TransMontaigne Inc., other than the indemnification provisions, will be terminable by TransMontaigne Inc. at its option if our general partner is removed without cause and common units held by our general partner and its affiliates are not voted in favor of that removal. Cause is narrowly defined in the omnibus agreement to mean that a court of competent jurisdiction has entered a final, non-appealable judgment finding our general partner liable for actual fraud or willful or wanton misconduct in its capacity as our general partner. Cause does not include most cases of charges of poor management of the business.

All of the executive officers of our general partner are affiliated with TransMontaigne Inc. and three of our general partner's directors are affiliated with Morgan Stanley Capital Group. Therefore, conflicts of interest may arise between TransMontaigne Inc. and its affiliates, including Morgan Stanley Capital Group and our general partner, on the one hand, and us and our unitholders, on the other hand. In resolving those conflicts of interest, our general partner may favor its own interests and the interests of its affiliates over the interests of our unitholders.

The following are potential conflicts of interest:

- TransMontaigne Inc. and Morgan Stanley Capital Group, as users of our pipeline and terminals, have economic incentives not to cause us to seek higher tariffs or higher terminaling service fees, even if such higher rates or terminaling service fees would reflect rates that could be obtained in arm's-length, third-party transactions.
- Morgan Stanley Capital Group, TransMontaigne Inc. and their affiliates may engage in competition with us under certain circumstances.
- Neither our partnership agreement nor any other agreement requires TransMontaigne Inc. or Morgan Stanley Capital Group to pursue a business strategy that favors us. This entitles our general partner to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or any limited partner. TransMontaigne Inc.'s and Morgan Stanley Capital Group's respective directors and officers have fiduciary duties to make decisions in the best interests of those companies, which may be contrary to our interests or the interests of our other customers.
- Our general partner is allowed to take into account the interests of parties other than us, such as TransMontaigne Inc. and Morgan Stanley Capital Group, in resolving conflicts of interest. Specifically, in determining whether a transaction or resolution is "fair and reasonable," our general partner may consider the totality of the relationships between the parties involved, including other transactions that may be particularly advantageous or beneficial to us.
- Officers of TransMontaigne Inc. who provide services to us also devote significant time to the businesses of TransMontaigne Inc., and are compensated by TransMontaigne Inc. for the services rendered to it.

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- Our general partner has limited its liability and reduced its fiduciary duties, and also has restricted the remedies available to our unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty. Our general partner will not have any liability to us or our unitholders for decisions made in its capacity as a general partner so long as it acted in good faith, meaning it believed that its decision was in the best interests of our partnership.
- Our general partner determines the amount and timing of acquisitions and dispositions, capital expenditures, borrowings, issuance of additional partnership securities, and reserves, each of which can affect the amount of cash that is distributed to our unitholders.
- Our general partner determines the amount and timing of any capital expenditures by our partnership and whether a capital expenditure is a maintenance capital expenditure, which reduces operating surplus, or an expansion capital expenditure, which does not reduce operating surplus. That determination can affect the amount of cash that is distributed to our unitholders.
- Our general partner may use an amount, equal to \$33.2 million as of December 31, 2009, which would not otherwise constitute operating surplus, in order to permit the payment of cash distributions, \$10.3 million of which would go to TransMontaigne Inc. and Morgan Stanley Capital Group in the form of distributions on their common units, general partner interest and incentive distribution rights.
- Our general partner determines which out-of-pocket costs incurred by TransMontaigne Inc. are reimbursable by us.
- Our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf.
- Our general partner and its officers and directors will not be liable for monetary damages to us, our limited partners or assignees for any acts or omissions unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that our general partner or those other persons acted in bad faith or engaged in fraud or willful misconduct.
- Our general partner controls the enforcement of obligations owed to us by our general partner and its affiliates, including the terminaling services agreements with TransMontaigne Inc. and Morgan Stanley Capital Group.
- Our general partner decides whether to retain separate counsel, accountants, or others to perform services on our behalf.

Cost reimbursements, which will be determined by our general partner, and fees due our general partner and its affiliates for services provided are and will continue to be substantial and will reduce our cash available for distribution to unitholders.

Payments to our general partner are and will continue to be substantial and will reduce the amount of available cash for distribution to unitholders. For the year ended December 31, 2009, we paid TransMontaigne Inc. and its affiliates an administrative fee of approximately \$10.0 million, an additional insurance reimbursement of approximately \$2.9 million and \$1.2 million as partial reimbursement for grants to key employees of TransMontaigne Inc. and its affiliates under the TransMontaigne Services Inc. savings and retention plan. Both the administrative fee and the insurance reimbursement are subject to increase in the event we acquire or construct facilities to be managed and operated by TransMontaigne Inc. Our general partner and its affiliates will continue to be entitled to reimbursement for all other direct expenses they incur on our behalf, including the salaries of and the cost of employee benefits for employees working on-site at our terminals and pipelines. Our general

partner will determine the amount of these expenses. Our general partner and its affiliates also may provide us other services for which we will be charged fees as determined by our general partner. The Omnibus Agreement expires on December 31, 2014, subject to our right to extend the agreement for an additional seven years if Morgan Stanley Capital Group elects to renew the terminaling services agreement for the Southeast terminals. If we are unable to renew the Omnibus Agreement on terms that are satisfactory to us or if we are required to pay a higher administrative fee, our results of operations and financial condition could be adversely affected.

The control of our general partner may be transferred to a third party without unitholder consent.

Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. Furthermore, our partnership agreement does not restrict the ability of the members of our general partner from transferring their respective limited liability company interests in our general partner to a third party. The new members of our general partner could then be in a position to replace the board of directors and officers of our general partner with their own choices and to control the decisions taken by the board of directors and officers.

Our general partner has a limited call right that may require unitholders to sell their common units at an undesirable time or price.

If at any time our general partner and its affiliates own more than 80% of the common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then-current market price. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return on their investment. Unitholders may also incur a tax liability upon a sale of their common units. At February 26, 2010, affiliates of our general partner own approximately 22.5% of our aggregate outstanding common units representing limited partner interests.

Tax Risks

Our tax treatment depends on our status as a partnership for federal income tax purposes, as well as not being subject to a material amount of entity-level taxation by states. If the Internal Revenue Service were to treat us as a corporation or if we were to become subject to a material amount of entity-level taxation for state tax purposes, then our cash available for distribution to unitholders would be substantially reduced.

The anticipated after-tax benefit of an investment in the common units depends largely on our being treated as a partnership for federal income tax purposes.

If we were treated as a corporation for federal income tax purposes, we would pay federal income tax on our income at the corporate tax rate, which is currently a maximum of 35%. In such a circumstance, distributions to our unitholders would generally be taxed again as corporate distributions (if such distributions were less than our earnings and profits) and no income, gains, losses, deductions or credits would flow through to our unitholders. Imposition of a corporate tax would substantially reduce our cash flows and after-tax return to our unitholders. This likely would cause a substantial reduction in the value of the common units.

Any modification to the U.S. federal income tax laws and interpretations thereof may or may not be applied retroactively and could make it more difficult or impossible to meet the qualifying income requirements, affect or cause us to change our business activities, affect the tax considerations of an investment in us, change the character or treatment of portions of our income and adversely affect an investment in our common units. For example, in response to certain recent developments, members of Congress are considering substantive changes to the definition of qualifying income under

Section 7704(d) of the Internal Revenue Code and the treatment of certain types of income earned from profits interests in partnerships. It is possible that these efforts could result in changes to the existing U.S. tax laws that affect publicly traded partnerships, including us. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units.

In addition, because of widespread state budget deficits, several states are evaluating ways to subject partnerships to entity-level taxation through the imposition of state income, franchise or other forms of taxation. If any state were to impose a tax upon us as an entity, our cash flows would be reduced. For example, under current legislation, we are subject to an entity-level tax on the portion of our total revenue (as that term is defined in the legislation) that is generated in Texas. For the year ended December 31, 2009, we recognized a liability of approximately \$150,000 for the Texas margin tax, which is imposed at a maximum effective rate of 0.7% of our total revenue from Texas. Imposition of such a tax on us by Texas, or any other state, will reduce the cash available for distribution to our unitholders. The partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity-level taxation for federal, state or local income tax purposes, then the minimum quarterly distribution amount and the target distribution amounts will be reduced to reflect the impact of that law on us.

If the Internal Revenue Service were to successfully challenge our use of a calendar year end for federal income tax purposes, the challenge may result in adjustments to the federal income tax liability of our unitholders, and the imposition of tax penalties on us, and we may have difficulty providing our unitholders with all of the information necessary to timely file their federal income tax returns. As a result, the market for our common units may be adversely affected and our relations with our unitholders could suffer.

Under the Internal Revenue Code and applicable Treasury Regulations, we are required to use a taxable year that is determined by reference to the taxable years of our partners. If holders of a majority of the interests in our capital and profits use a single taxable year, we must use that year. If there is no such "majority interest taxable year," and if no person with a taxable year different from that of our general partner and its affiliates owns a 5% or greater interest in our capital or profits, then we must use the same taxable year as our general partner and its affiliates. If there is no majority interest taxable year and there is an owner, other than our general partner and its affiliates, of 5% or more of our capital or profits that has a taxable year different from that of our general partner and its affiliates, we must use the taxable year that produces the "least aggregate deferral" to holders of partnership interests. In general, these determinations are made on the first day of each taxable year.

Our initial taxable year ended on June 30, 2005, because our general partner and its affiliates, who used a June 30 taxable year at the time we were organized, initially owned all of the interests in our profits and capital. We have taken the position that we were required to change our taxable year to the calendar year as of July 1, 2005, on the basis that the calendar year was our "majority interest taxable year" due to public ownership of our common units by calendar year taxpayers. In view of the factual and legal uncertainties regarding the taxable year that we are required to use, our position that we are required to use the calendar year as our taxable year is also based in part upon the fact that the calendar year is (i) the simplest and most administrable taxable year for a publicly traded partnership, (ii) to our knowledge, the taxable year used by all other publicly traded partnerships and (iii) the default taxable year originally provided by the Internal Revenue Code for partnerships in certain other circumstances. Based upon that position, we used the calendar year as our taxable year for 2006 and 2007. Effective December 31, 2007, we implemented a holding structure that caused our general partner and most of our affiliate-held units to be owned by entities using the calendar year as their taxable year. Effective December 31, 2008, Morgan Stanley and all of its subsidiaries elected to use a calendar year as their taxable year. Nevertheless, the IRS could disagree with the position we have taken with respect to our taxable years.

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If we are required to change our taxable year to a year other than the calendar year, we may have difficulty providing certain unitholders with information about our income, gain, loss and deduction for our taxable year in a manner that allows those unitholders to timely file their federal income tax returns for the years in which they are required to include their share of our income, gain, loss and deduction. In addition, if we are required to change our taxable year as a result of an IRS challenge of our use of the calendar year for a taxable year as to which we and our unitholders have already filed a federal income tax return, the change may result in an adjustment to a unitholder's federal income tax liability and we could be subject to penalties. In that event, our relations with our unitholders could suffer. Moreover, if we were not allowed to use a calendar year end for tax purposes, many existing and potential unitholders that have a calendar tax year may not be willing to purchase our units, which could adversely affect the market price of our units and limit our ability to raise capital through public or private offerings of our units in the future.

If the sale or exchange of 50% or more of our capital and profit interests occurs within a 12-month period, we would experience a deemed termination of our partnership for federal income tax purposes.

The sale or exchange of 50% or more of the partnership's units within a 12-month period would result in a deemed "technical" termination of our partnership for federal income tax purposes. Such an event would not terminate a unitholder's interest in the partnership, nor would it terminate the continuing business operations of the partnership. However, it would, among other things, result in the closing of our taxable year for all unitholders and would result in a deferral of depreciation and cost recovery deductions allowable in computing our taxable income for future tax years. The partnership previously experienced a deemed "technical" termination for the period ending December 30, 2007, due to the implementation of the December 31, 2007 holding structure referred to above. If our partnership were deemed terminated for federal income tax purposes, this deferral of cost recovery deductions would impact each unitholder through allocations of an increased amount of federal taxable income (or reduced amount of allocated loss) for the year in which the partnership is deemed terminated and for subsequent years as a percentage of the cash distributed to the unitholder with respect to that period.

We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular common unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders.

For administrative purposes and consistent with other publicly traded partnerships, we generally prorate our items of income, gain, loss, and deduction between transferors and transferees of our common units each month based upon the ownership of our common units on the first day of each month, instead of on the basis of the date a particular common unit is transferred. The use of this proration method may not be permitted under existing Treasury Regulations. If the IRS were to challenge this method or new Treasury Regulations were issued, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders.

A unitholder whose units are loaned to a "short seller" to cover a short sale of units may be considered as having disposed of those units. If so, the unitholder would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition.

Because a unitholder whose units are loaned to a "short seller" to cover a short sale of units may be considered as having disposed of the loaned units, the unitholder may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller and

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the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller, any of our income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to modify any applicable brokerage account agreements to prohibit their brokers from loaning their units.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 3. LEGAL PROCEEDINGS

TransMontaigne Inc. has agreed to indemnify us for any losses we may suffer as a result of legal claims for actions that occurred prior to the closing of our initial public offering on May 27, 2005.

We currently are not a party to any material litigation. Our operations are subject to a variety of risks and disputes normally incident to our business. As a result, at any given time we may be a defendant in various legal proceedings and litigation arising in the ordinary course of business. We are a beneficiary of various insurance policies TransMontaigne Inc. maintains with insurers in amounts and with coverage and deductibles that our general partner believes are reasonable and prudent. However, we cannot assure that this insurance will be adequate to protect us from all material expenses related to potential future claims for personal and property damage or that the levels of insurance will be available in the future at economical prices.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the security holders, through solicitation of proxies or otherwise, during the period covered by this annual report.

Part II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON UNITS, RELATED UNITHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET FOR COMMON UNITS

The common units are listed and traded on the New York Stock Exchange under the symbol "TLP." On February 26, 2010, there were approximately 29 unitholders of record of our common units. This number does not include unitholders whose units are held in trust by other entities. The actual number of unitholders is greater than the number of unitholders of record.

The following table sets forth, for the periods indicated, the range of high and low per unit sales prices for our common units as reported on the New York Stock Exchange.

	<u>Low</u>	<u>High</u>
January 1, 2008 through March 31, 2008	\$ 24.88	\$ 32.10
April 1, 2008 through June 30, 2008	\$ 25.69	\$ 32.85
July 1, 2008 through September 30, 2008	\$ 15.95	\$ 27.47
October 1, 2008 through December 31, 2008	\$ 11.27	\$ 21.39
January 1, 2009 through March 31, 2009	\$ 13.23	\$ 20.29
April 1, 2009 through June 30, 2009	\$ 16.60	\$ 23.51
July 1, 2009 through September 30, 2009	\$ 20.33	\$ 28.66
October 1, 2009 through December 31, 2009	\$ 23.32	\$ 29.07

DISTRIBUTIONS OF AVAILABLE CASH

The following table sets forth the distribution declared per common unit attributable to the periods indicated:

	<u>Distribution</u>
January 1, 2008 through March 31, 2008	\$ 0.57
April 1, 2008 through June 30, 2008	\$ 0.58
July 1, 2008 through September 30, 2008	\$ 0.59
October 1, 2008 through December 31, 2008	\$ 0.59
January 1, 2009 through March 31, 2009	\$ 0.59
April 1, 2009 through June 30, 2009	\$ 0.59
July 1, 2009 through September 30, 2009	\$ 0.59
October 1, 2009 through December 31, 2009	\$ 0.59

Within approximately 45 days after the end of each quarter, we will distribute all of our available cash, as defined in our partnership agreement, to unitholders of record on the applicable record date. Available cash generally means all cash on hand at the end of the quarter:

- *less* the amount of cash reserves established by our general partner to:
 - provide for the proper conduct of our business;
 - comply with applicable law, any of our debt instruments, or other agreements; or
 - provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters;
- *plus*, if our general partner so determines, all or a portion of cash on hand on the date of determination of available cash for the quarter.

The terms of our senior secured credit facility may limit our ability to distribute cash under certain circumstances as discussed under "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" of this annual report.

Distributions of Available Cash During and After the Subordination Period

Prior to the expiration of the subordination period or the earlier conversion of the subordinated units following satisfaction of the financial tests set forth in the partnership agreement, which occurred on November 13, 2009 with respect to the quarter ended September 30, 2009 as described below, the common units were entitled to receive distributions from operating surplus of \$0.40 per unit per quarter, which we refer to as the minimum quarterly distribution, or \$1.60 per unit per year, plus any arrearages in the payment of the minimum quarterly distribution from prior quarters, before any such distributions are paid on our subordinated units.

During the subordination period, we were required to make distributions of available cash from operating surplus for any quarter during the subordination period in the following manner:

- **First**, 98% to the common unitholders, pro rata, and 2% to our general partner, until we distribute for each outstanding common unit an amount equal to the minimum quarterly distribution for that quarter;
- **Second**, 98% to the common unitholders, pro rata, and 2% to our general partner, until we distribute for each outstanding common unit an amount equal to any arrearages in payment of the minimum quarterly distribution on the common units for any prior quarters during the subordination period;

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- **Third**, 98% to the subordinated unitholders, pro rata, and 2% to our general partner, until we distribute for each subordinated unit an amount equal to the minimum quarterly distribution for that quarter; and
- **Thereafter**, cash in excess of the minimum quarterly distributions is distributed to unitholders and the general partner in the manner described under "—Incentive Distribution Rights" below.

On November 13, 2008, approximately 0.8 million subordinated units converted into an equal number of common units. On May 7, 2009, approximately 0.8 million subordinated units converted into an equal number of common units. On November 13, 2009, the remaining approximately 1.7 million subordinated units converted into an equal number of common units. After each such conversion, the newly issued common units participate pro rata with the other common units in distributions of available cash. Accordingly, we make distributions of available cash for any quarter after the subordination period or the earlier conversion of the subordinated units in the following manner:

- **First**, 98% to all unitholders, pro rata, and 2% to our general partner until we distribute for each outstanding unit an amount equal to the minimum quarterly distribution for that quarter; and
- **Thereafter**, in the manner described under "—Incentive Distribution Rights" below.

Incentive Distribution Rights

Incentive distribution rights are non-voting limited partner interests that represent the right to receive an increasing percentage of quarterly distributions of available cash from operating surplus after the minimum quarterly distribution and the target distribution levels have been achieved. Our general partner currently holds the incentive distribution rights, but may transfer these rights separately from its general partner interest, subject to restrictions in the partnership agreement.

The following table illustrates the percentage allocations of the additional available cash from operating surplus between the unitholders and our general partner up to the various target distribution levels. The amounts set forth under "Marginal percentage interest in distributions" are the percentage interests of our general partner and the unitholders in any available cash from operating surplus we distribute up to and including the corresponding amount in the column "Total per unit quarterly distribution," until available cash from operating surplus we distribute reaches the next target distribution level, if any. The percentage interests shown for the unitholders and our general partner for the minimum quarterly distribution are also applicable to quarterly distribution amounts that are less than the minimum quarterly distribution. The percentage interests set forth below for our general partner include its 2% general partner interest and assume our general partner has contributed any additional capital to maintain its 2% general partner interest and has not transferred its incentive distribution rights.

	Total per unit quarterly distribution	Marginal percentage interest in distributions	
		Unitholders	General partner
Minimum quarterly distribution	\$0.40	98%	2%
First target distribution	up to \$0.44	98%	2%
Second target distribution	above \$0.44 up to \$0.50	85%	15%
Third target distribution	above \$0.50 up to \$0.60	75%	25%
Thereafter	Above \$0.60	50%	50%

There is no guarantee that we will be able to pay the minimum quarterly distribution on the common units in any quarter, and we will be prohibited from making any distributions to unitholders if it would cause an event of default, or an event of default is existing, under our senior secured credit facility.

Common Unit Repurchases for the quarter ended December 31, 2009

Purchases of Securities. The following table covers the purchases of our common units by, or on behalf of, Partners during the three months ended December 31, 2009.

<u>Period</u>	<u>Total number of common units purchased</u>	<u>Average price paid per common unit</u>	<u>Total number of common units purchased as part of publicly announced plans or programs</u>	<u>Maximum number of common units that may yet be purchased under the plans or programs</u>
October	625	\$ 26.76	625	4,365
November	625	\$ 25.86	625	3,740
December	625	\$ 25.95	625	3,115
	<u>1,875</u>	<u>\$ 26.19</u>	<u>1,875</u>	

All repurchases were made in the open market pursuant to a program announced on May 7, 2007 for the repurchase, from time to time, of our outstanding common units for purposes of making subsequent grants of restricted phantom units under the TransMontaigne Services Inc. long-term incentive plan to independent directors of our general partner. Pursuant to the terms of the repurchase plan, we anticipate repurchasing annually up to 10,000 common units. During the three months ended December 31, 2009, we repurchased 1,875 common units with approximately \$49,000 of aggregate market value for this purpose. Unless we choose to terminate the repurchase program earlier, the repurchase program terminates on the earlier to occur of May 31, 2012; our liquidation, dissolution, bankruptcy or insolvency; the public announcement of a tender or exchange offer for the common units; or a merger, acquisition, recapitalization, business combination or other occurrence of a "Change of Control" under the TransMontaigne Services Inc. long-term incentive plan.

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected historical consolidated financial data of TransMontaigne Partners for the periods and as of the dates indicated. The following selected financial data for each of the years in the four-year period ended December 31, 2009, six months ended December 31, 2005 and year ended June 30, 2005, has been derived from our consolidated financial statements. We adopted a December 31 year end for financial and tax reporting purposes effective December 31, 2005; we previously maintained a June 30 year end. You should not expect the results for any prior periods to be indicative of the results that may be achieved in future periods. You should read the following information together with our historical consolidated financial statements and related notes and with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this annual report.

	Years ended December 31,				Six Months Ended	Year ended
	2009	2008(5)	2007	2006(3)(4)	December 31, 2005(1)(2)	June 30, 2005
	(dollars in thousands)					
Statement of Operations Data:						
Revenue	\$ 142,547	\$ 138,140	\$ 131,651	\$ 71,669	\$ 22,908	\$ 36,093
Direct operating costs and expenses	(64,968)	(61,850)	(60,686)	(32,508)	(7,896)	(15,175)
Direct general and administrative expenses	(3,242)	(4,138)	(2,991)	(6,453)	(1,267)	(79)
Allocated general and administrative expenses	(10,040)	(10,030)	(9,901)	(5,431)	(1,588)	(2,800)
Allocated insurance expense	(2,900)	(2,835)	(2,837)	(1,525)	(500)	(1,000)
Reimbursement of bonus awards	(1,237)	(1,500)	(1,125)	—	—	—
Depreciation and amortization	(26,306)	(23,316)	(21,432)	(11,750)	(3,461)	(6,154)
Gain on disposition of assets, net	1	2	—	—	—	—
Operating income	33,855	34,473	32,679	14,002	8,196	10,885
Other income (expense):						
Interest income	7	38	214	37	4	—
Interest expense	(5,486)	(6,007)	(6,515)	(3,356)	(969)	(167)
Amortization of deferred financing costs	(598)	(599)	(1,236)	(810)	(92)	(15)
Unrealized loss on derivative instrument	(562)	(2,128)	—	—	—	—
Foreign currency						

transaction gain (loss)	36	(179)	—	—	—	—
Net earnings	\$ 27,252	\$ 25,598	\$ 25,142	\$ 9,873	\$ 7,139	\$ 10,703

Other Financial

Data:

Net cash provided by operating activities	\$ 72,045	\$ 53,488	\$ 56,406	\$ 25,251	\$ 7,833	\$ 18,517
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Net cash (used in) investing activities	\$ (37,742)	\$ (53,406)	\$ (155,550)	\$ (163,797)	\$ (3,042)	\$ (3,686)
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Net cash provided by (used in) financing activities	\$ (32,534)	\$ 3,200	\$ 97,286	\$ 141,310	\$ (4,334)	\$ (14,592)
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Balance Sheet

Data:

Property, plant and equipment, net	\$ 459,598	\$ 447,753	\$ 417,827	\$ 401,613	\$ 125,884	\$ 116,281
Total assets	\$ 515,535	\$ 507,039	\$ 460,818	\$ 441,684	\$ 131,036	\$ 119,573
Long-term debt	\$ 165,000	\$ 165,500	\$ 132,000	\$ 189,621	\$ 28,000	\$ 28,307
Partners' equity	\$ 303,125	\$ 307,579	\$ 312,830	\$ 245,331	\$ 100,013	\$ 87,425

- (1) The consolidated financial statements include the results of operations of the Mobile, Alabama terminal facility from the closing date of its acquisition by TransMontaigne Inc. (August 1, 2005).
- (2) The consolidated financial statements include the results of operations of the Oklahoma City terminal from the closing date of our acquisition (October 31, 2005).

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- (3) The consolidated financial statements include the results of operations of the Brownsville and River terminal facilities from the closing date of Morgan Stanley Capital Group Inc.'s acquisition of TransMontaigne Inc. (September 1, 2006).
- (4) The consolidated financial statements include the results of operations of the Southeast terminal facilities from the closing date of Morgan Stanley Capital Group Inc.'s acquisition of TransMontaigne Inc. (September 1, 2006). See Note 3 of Notes to consolidated financial statements.
- (5) The consolidated financial statements include the results of operations of the Mexican LPG operations from the closing date of our acquisition (December 31, 2007). See Note 3 of Notes to consolidated financial statements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the results of operations and financial condition should be read in conjunction with the accompanying consolidated financial statements included elsewhere in this annual report.

OVERVIEW

We are a refined petroleum products terminaling and pipeline transportation company formed by TransMontaigne Inc. At December 31, 2009, our operations are composed of:

- seven refined product terminals located in Florida, with an aggregate active storage capacity of approximately 7.1 million barrels, that provide integrated terminaling services to Marathon, Morgan Stanley Capital Group, other distribution and marketing companies and the United States government;
- one refined product terminal located in Mobile, Alabama with aggregate active storage capacity of approximately 163,000 barrels that provides integrated terminaling services to TransMontaigne Inc.;
- a 67-mile, interstate refined products pipeline, which we refer to as the Razorback pipeline, that currently transports gasolines and distillates for Morgan Stanley Capital Group from Mt. Vernon, Missouri to Rogers, Arkansas;
- two refined product terminals, one located in Mt. Vernon, Missouri and the other located in Rogers, Arkansas, with an aggregate active storage capacity of approximately 406,000 barrels, that are connected to the Razorback pipeline and provide integrated terminaling services to Morgan Stanley Capital Group;
- one refined product terminal located in Oklahoma City, Oklahoma, with aggregate active storage capacity of approximately 158,000 barrels, that provides integrated terminaling services to a major oil company;
- one refined product terminal located in Brownsville, Texas with aggregate active storage capacity of approximately 2.2 million barrels that provides integrated terminaling services to TransMontaigne Inc., Morgan Stanley Capital Group, Valero, PMI Trading Ltd. and other distribution and marketing companies;
- one refined product terminal located in Matamoros, Mexico with aggregate active LPG storage capacity of approximately 7,000 barrels that provides integrated terminaling services to TransMontaigne Inc.;
- a pipeline from our Brownsville facilities to our terminal in Matamoros, Mexico, which we refer to as the Diamondback pipeline, that currently transports LPG for TransMontaigne Inc.;

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- twelve refined product terminals located along the Mississippi and Ohio rivers ("River terminals") with aggregate active storage capacity of approximately 2.5 million barrels and the Baton Rouge, Louisiana dock facility that provide integrated terminaling services to Valero and other distribution and marketing companies; and
- twenty-two refined product terminals located along the Colonial and Plantation pipelines ("Southeast terminals") with aggregate active storage capacity of approximately 9.1 million barrels that provides integrated terminaling services to Morgan Stanley Capital Group and the United States government.

We provide integrated terminaling, storage, transportation and related services for customers engaged in the distribution and marketing of light refined petroleum products, heavy refined petroleum products, crude oil, chemicals, fertilizers and other liquid products. Light refined products include gasolines, diesel fuels, heating oil and jet fuels. Heavy refined products include residual fuel oils and asphalt.

We do not take ownership of or market products that we handle or transport and, therefore, we are not directly exposed to changes in commodity prices, except for the value of product gains and losses arising from certain of our terminaling services agreements with our customers. The volume of product that is handled, transported through or stored in our terminals and pipeline is directly affected by the level of supply and demand in the wholesale markets served by our terminals and pipeline. Overall supply of refined products in the wholesale markets is influenced by the products' absolute prices, the availability of capacity on delivering pipelines and vessels, fluctuating refinery margins and the markets' perception of future product prices. The demand for gasoline typically peaks during the summer driving season, which extends from April to September, and declines during the fall and winter months. The demand for marine fuels typically peaks in the winter months due to the increase in the number of cruise ships originating from the Florida ports. Despite these seasonalities, the overall impact on the volume of product throughput in our terminals and pipelines is not material.

The majority of our business is devoted to providing terminaling and transportation services to TransMontaigne Inc. and Morgan Stanley Capital Group. TransMontaigne Inc. and Morgan Stanley Capital Group, in the aggregate, accounted for approximately 65%, 64% and 59% of our revenue for the years ended December 31, 2009, 2008 and 2007, respectively. TransMontaigne Inc., formed in 1995, is a terminaling, distribution and marketing company that distributes and markets refined petroleum products to wholesalers, distributors, marketers and industrial and commercial end users throughout the United States, primarily in the Gulf Coast, Midwest and Southeast regions. Morgan Stanley Capital Group, a wholly owned subsidiary of Morgan Stanley, is the principal commodities trading arm of Morgan Stanley. Morgan Stanley Capital Group is a leading global commodity trader involved in proprietary and counterparty-driven trading in numerous commodities including crude oil, refined petroleum products, natural gas and natural gas liquids, coal, electric power, base and precious metals, and others. Morgan Stanley Capital Group engages in trading physical commodities, like the refined petroleum products that we handle in our terminals, and exchange or over-the-counter commodities derivative instruments. TransMontaigne Inc. and Morgan Stanley Capital Group currently rely on us to provide substantially all the integrated terminaling services they require to support their operations along the Gulf Coast, in Brownsville, Texas, along the Mississippi and Ohio rivers, along the Colonial and Plantation pipelines, and in the Midwest. Pursuant to the terms of terminaling services agreements we have executed with TransMontaigne Inc. and Morgan Stanley Capital Group, we expect to continue to derive a majority of our revenue from TransMontaigne Inc. and Morgan Stanley Capital Group for the foreseeable future.

We are controlled by our general partner, TransMontaigne GP L.L.C., which is an indirect wholly owned subsidiary of TransMontaigne Inc. Effective September 1, 2006, Morgan Stanley Capital Group purchased all of the issued and outstanding capital stock of TransMontaigne Inc. As a result of

Morgan Stanley's acquisition of TransMontaigne Inc., Morgan Stanley became the indirect owner of our general partner. TransMontaigne Inc. and Morgan Stanley have a significant interest in our partnership through their indirect ownership of a 22.1% limited partner interest, a 2% general partner interest and the incentive distribution rights.

REGULATORY MATTERS

On September 21, 2008, Morgan Stanley obtained the approval of the Board of Governors of the Federal Reserve System (the "FRB") to become a bank holding company upon the conversion of its wholly owned indirect subsidiary, Morgan Stanley Bank, from a Utah industrial bank to a national bank. On September 23, 2008, the Office of the Comptroller of the Currency (the "OCC") authorized Morgan Stanley Bank to commence business as a national bank, operating as Morgan Stanley Bank, N.A. Concurrently with this conversion, Morgan Stanley became a financial holding company under the Bank Holding Company Act, as amended (the "BHC Act"). As a result, Morgan Stanley has become subject to the consolidated supervision and regulation of the FRB and Morgan Stanley Bank, N.A. has become subject to the supervision and regulation of the OCC.

As a financial holding company, Morgan Stanley will be able to engage in any activity that is financial in nature, incidental to a financial activity, or complementary to a financial activity. The BHC Act, by its terms, provides any company, such as Morgan Stanley, that becomes a financial holding company a two-year grace period to conform its existing nonfinancial activities and investments to the requirements of the BHC Act with the possibility of three one-year extensions. The BHC Act grandfathers "activities related to the trading, sale or investment in commodities and underlying physical properties" provided that Morgan Stanley conducted any of such type of activities as of September 30, 1997 and provided that certain other conditions are satisfied, which conditions are reasonably within the control of Morgan Stanley. In addition, the BHC Act permits the FRB to determine by regulation or order that certain activities are complementary to a financial activity and do not pose a risk to safety and soundness. The FRB has previously determined that a range of commodities activities are either financial in nature, incidental to a financial activity, or complementary to a financial activity.

During April 2009, Morgan Stanley advised us that it has conducted an internal review and has concluded that, based upon its review, all of our activities and investments are permissible under the BHC Act.

The FRB has not yet completed its review of these activities and investments. The FRB could conclude that certain of our activities or investments will not be deemed permissible under the BHC Act. If so, Morgan Stanley (i) may cause us to discontinue any such activity or divest any such investment or (ii) may transfer control of our general partner to an unaffiliated third party, prior to the end of the referenced grace period. We are unable to predict whether, if either of these actions is required, it would have a material adverse impact on our financial condition or results of operations.

SIGNIFICANT DEVELOPMENTS DURING THE YEAR ENDED DECEMBER 31, 2009

On January 16, 2009, we announced a distribution of \$0.59 per unit for the period from October 1, 2008 through December 31, 2008, payable on February 10, 2009 to unitholders of record on January 30, 2009.

On February 5, 2009, we executed an additional interest rate swap agreement with Wachovia Bank, N.A. This interest rate swap agreement has a notional amount of \$25.0 million that expires May 2010. Pursuant to the terms of the interest rate swap agreement, we pay a fixed rate of 1.145% and receive an interest payment based on the one-month LIBOR.

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On February 26, 2009, Javed Ahmed notified the board of directors of our general partner of his intention to resign from the boards of directors of our general partner and TransMontaigne Inc., each to be effective March 31, 2009. The resignations follow Mr. Ahmed's decision on February 9, 2009 to resign as a Managing Director of Morgan Stanley effective May 10, 2009. To fill the vacancy resulting from Mr. Ahmed's resignation, on March 3, 2009, we announced the appointment of Randall P. O'Connor to serve as a member of the board of directors of our general partner, effective March 31, 2009. Mr. O'Connor is a Managing Director at Morgan Stanley, working in the firm's Commodities Group and currently serves as head of the Strategic Transactions Group.

On April 17, 2009, we announced a distribution of \$0.59 per unit for the period from January 1, 2009 through March 31, 2009, payable on May 5, 2009 to unitholders of record on April 30, 2009.

On May 7, 2009, approximately 0.8 million subordinated units converted into an equal number of common units.

On June 10, 2009, we combined our interest rate swap agreements into a single interest rate swap agreement with Wachovia Bank, N.A. with a notional amount of \$150 million that expires June 2011.

On July 17, 2009, we announced a distribution of \$0.59 per unit for the period from April 1, 2009 through June 30, 2009, payable on August 11, 2009 to unitholders of record on July 31, 2009.

On August 4, 2009, Randall J. Larson notified Partners of his intention to resign as Chief Executive Officer of our general partner and as President, Chief Executive Officer and member of the board of directors of TransMontaigne Inc., and the other subsidiaries of Partners and TransMontaigne Inc., each to be effective August 5, 2009. The board of directors of our general partner appointed Charles L. Dunlap to serve as Chief Executive Officer of our general partner, effective August 10, 2009. Mr. Dunlap was also appointed to serve as the President and Chief Executive Officer of TransMontaigne Inc., effective August 10, 2009. As a result of this appointment, Mr. Dunlap ceased to qualify as an independent director of the board of directors of our general partner and therefore tendered his resignation from the board of directors of our general partner, also effective August 10, 2009.

On October 16, 2009, we announced a distribution of \$0.59 per unit for the period from July 1, 2009 through September 30, 2009, payable on November 10, 2009 to unitholders of record on October 30, 2009.

On November 13, 2009, the remaining approximately 1.7 million subordinated units converted into an equal number of common units.

SUBSEQUENT DEVELOPMENTS

On January 15, 2010, we announced a distribution of \$0.59 per unit for the period from October 1, 2009 through December 31, 2009, payable on February 9, 2010 to unitholders of record on January 29, 2010.

On January 6, 2010, Duke R. Ligon notified Partners of his intention to resign from the board of directors of our general partner, effective January 7, 2010. To fill the vacancy resulting from Mr. Ligon's resignation, the board of directors appointed Henry M. Kuchta to serve as an independent member of the board of directors of our general partner, effective January 7, 2010. Mr. Kuchta was also appointed to serve as a member of the Audit Committee and Conflicts Committee of our general partner, also effective January 7, 2010.

On January 15, 2010, we issued, pursuant to an underwritten public offering, 1,750,000 common units representing limited partner interests at a public offering price of \$26.60 per common unit. On January 15, 2010, the underwriters of our secondary offering exercised in full their over-allotment option to purchase an additional 262,500 common units representing limited partnership interests at a

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price of \$26.60 per common unit. The net proceeds from the offering were approximately \$51.1 million, after deducting underwriting discounts, commissions, and offering expenses of approximately \$0.2 million. Additionally, TransMontaigne GP L.L.C., our general partner, made a cash contribution of approximately \$1.1 million to us to maintain its 2% general partner interest. The net proceeds from the offering and cash contribution were used to repay outstanding borrowings under our senior secured credit facility.

NATURE OF REVENUE AND EXPENSES

We derive revenue from our terminal and pipeline transportation operations by charging fees for providing integrated terminaling, transportation and related services. The fees we charge, our other sources of revenue and our direct operating costs and expenses are described below.

Terminaling Services Fees, Net. We generate terminaling services fees, net by distributing and storing products for our customers. Terminaling services fees, net include throughput fees based on the volume of product distributed from the facility, injection fees based on the volume of product injected with additive compounds and storage fees based on a rate per barrel of storage capacity per month.

Pipeline Transportation Fees. We earn pipeline transportation fees at our Razorback pipeline and Diamondback pipeline based on the volume of product transported and the distance from the origin point to the delivery point. The Federal Energy Regulatory Commission regulates the tariff on the Razorback pipeline and the Diamondback pipeline.

Management Fees and Reimbursed Costs. We manage and operate certain tank capacity at our Port Everglades (South) terminal for a major oil company and receive a reimbursement of its proportionate share of operating and maintenance costs. We manage and operate for an affiliate of Mexico's state-owned petroleum company a bi-directional products pipeline connected to our Brownsville, Texas terminal facility and receive a management fee and reimbursement of costs. We also manage and operate for another major oil company two terminals that are adjacent to our Southeast facilities and receive a reimbursement of its proportionate share of operating and maintenance costs.

Other Revenue. We provide ancillary services including heating and mixing of stored products and product transfer services. Pursuant to terminaling services agreements with our throughput customers, we are entitled to the volume of product gained resulting from differences in the measurement of product volumes received and distributed at our terminaling facilities. Consistent with recognized industry practices, measurement differentials occur as the result of the inherent variances in measurement devices and methodology. We recognize as revenue the net proceeds from the sale of the product gained.

Direct Operating Costs and Expenses. The direct operating costs and expenses of our operations include the directly related wages and employee benefits, utilities, communications, maintenance and repairs, property taxes, rent, vehicle expenses, environmental compliance costs, materials and supplies.

Direct General and Administrative Expenses. The direct general and administrative expenses of our operations include accounting and legal costs associated with annual and quarterly reports and tax return and Schedule K-1 preparation and distribution, independent director fees and amortization of deferred equity-based compensation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of the significant accounting policies that we have adopted and followed in the preparation of our historical consolidated financial statements is detailed in Note 1 of Notes to consolidated financial statements. Certain of these accounting policies require the use of estimates. We have identified the following estimates that, in our opinion, are subjective in nature, require the

exercise of judgment, and involve complex analyses. These estimates are based on our knowledge and understanding of current conditions and actions that we may take in the future. Changes in these estimates will occur as a result of the passage of time and the occurrence of future events. Subsequent changes in these estimates may have a significant impact on our financial condition and results of operations.

Allowance for Doubtful Accounts. At December 31, 2009, our allowance for doubtful accounts was approximately \$0.4 million. Our allowance for doubtful accounts represents the amount of trade receivables that we do not expect to collect. The valuation of our allowance for doubtful accounts is based on our analysis of specific individual customer balances that are past due and, from that analysis, we estimate the amount of the receivable balance that we do not expect to collect. That estimate is based on various factors, including our experience in collecting past due amounts from the customer being evaluated, the customer's current financial condition, the current economic environment and the economic outlook for the future. Changes in our estimates and assumptions may occur as a result of the passage of time and the occurrence of future events.

Accrued Environmental Obligations. At December 31, 2009, we have an accrued liability of approximately \$5.6 million representing our best estimate of the undiscounted future payments we expect to pay for environmental costs to remediate existing conditions. Estimates of our environmental obligations are subject to change due to a number of factors and judgments involved in the estimation process, including the early stage of investigation at certain sites, the lengthy time frames required to complete remediation, technology changes affecting remediation methods, alternative remediation methods and strategies, and changes in environmental laws and regulations. Changes in our estimates and assumptions may occur as a result of the passage of time and the occurrence of future events.

Costs incurred to remediate existing contamination at the terminals we acquired from TransMontaigne Inc. have been, and are expected in the future to be, insignificant. Pursuant to agreements with TransMontaigne Inc., TransMontaigne Inc. retained 100% of these liabilities and indemnified us against certain potential environmental claims, losses and expenses associated with the operation of the acquired terminal facilities and occurring before our date of acquisition from TransMontaigne Inc., up to a maximum liability (not to exceed \$15.0 million for the Florida and Midwest terminals acquired on May 27, 2005, not to exceed \$15.0 million for the Brownsville and River terminals acquired on December 29, 2006, and not to exceed \$15.0 million for the Southeast terminals acquired on December 31, 2007) for these indemnification obligations.

Goodwill. At December 31, 2009, the carrying amount of our goodwill was approximately \$24.7 million. Goodwill is required to be tested for impairment annually unless events or changes in circumstances indicate it is more likely than not that an impairment loss has been incurred at an interim date. Our annual test for the impairment of goodwill is performed as of December 31. The impairment test is performed at the reporting unit level. Our reporting units are our operating segments (see Note 17 of Notes to consolidated financial statements). At December 31, 2009, our reporting units with goodwill were the Brownsville terminal and the River terminals. Approximately \$16.2 million of the goodwill was assigned to our Brownsville terminal and approximately \$8.5 million was assigned to our River terminals (see Note 7 of Notes to consolidated financial statements). Management exercises judgment in determining the estimated fair values of the Partnership's reporting units. At December 31, 2009, we estimated the fair value of our reporting units using a discounted cash flow technique. We believe that our estimates of the future cash flows and related assumptions would be consistent with those used by market participants (that is, potential buyers of the reporting unit) at December 31, 2009. The cash flows represented our best estimate of the future revenues, expenses and capital expenditures to maintain the facilities associated with each of our reporting units. The cash flows did not anticipate future expenditures to expand the facilities beyond the expenditures necessary to complete expansion projects approved prior to December 31, 2009. The cash flows attributed to our

reporting units included only a portion of our historical general and administrative expenses under the assumption that market participants would only include limited amounts of general and administrative expenses in their estimates of future cash flows because market participants would likely have pre-existing management and back office capabilities (that is, a market participant synergy). At December 31, 2009, the fair value of our reporting units with goodwill exceeded their carrying amount. Accordingly, we did not recognize any goodwill impairment charges during the year ended December 31, 2009. A significant decline in the price of our common units with a resulting increase in our weighted average cost of capital, the loss of a significant customer, or an unforeseen increase in the costs to operate and maintain our terminals and pipelines, may result in the recognition of an impairment charge in the future. Changes in our estimates and assumptions may occur as a result of the passage of time and the occurrence of future events.

RESULTS OF OPERATIONS—YEARS ENDED DECEMBER 31, 2009, 2008 AND 2007

In reviewing our historical results of operations, you should be aware that the accompanying consolidated financial statements include the assets, liabilities and results of operations of certain TransMontaigne Inc. terminal operations prior to their acquisition by us from TransMontaigne Inc. The results of operations of TransMontaigne Inc.'s terminals prior to being acquired by us are reflected in the accompanying consolidated financial statements as being attributable to TransMontaigne Inc. ("Predecessor"). The acquired assets and liabilities have been recorded at TransMontaigne Inc.'s carryover basis. On December 31, 2007, we acquired from TransMontaigne Inc. 22 terminals along the Colonial and Plantation pipelines (the "Southeast terminals") for a cash payment of approximately \$118.6 million. The acquisition of terminal operations from TransMontaigne Inc. have been accounted for as transactions among entities under common control and, accordingly, prior periods include the activity of the acquired terminal operations since September 1, 2006 (the date of Morgan Stanley Capital Group Inc.'s acquisition of TransMontaigne Inc.) for acquisitions made by us on or after September 1, 2006.

The historical results of operations reflect the impact of the following acquisitions:

- The purchase of the Southeast terminals by Morgan Stanley Capital Group, completed in September 2006 when it acquired TransMontaigne Inc., and subsequent acquisition by us from TransMontaigne Inc. in December 2007; and
- Our December 2007 acquisition from Rio Vista Energy Partners L.P. ("Rio Vista") of a terminal facility in Matamoros, Mexico, the Diamondback pipeline from Brownsville, Texas to Matamoros, Mexico, with associated rights of way and easements and 47 acres of land, together with a permit to distribute liquefied petroleum gas, or LPG, to Mexico's state-owned petroleum company.

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Selected results of operations data for each of the quarters in the years ended December 31, 2009, 2008 and 2007, are summarized below (in thousands):

	Three months ended				Year ended December 31, 2009
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	
Revenue	\$ 34,402	\$ 35,849	\$ 35,370	\$ 36,926	\$ 142,547
Direct operating costs and expenses	(15,544)	(15,430)	(16,915)	(17,079)	(64,968)
Direct general and administrative expenses	(1,099)	(705)	(606)	(832)	(3,242)
Allocated general and administrative expenses	(2,510)	(2,510)	(2,510)	(2,510)	(10,040)
Allocated insurance expense	(725)	(725)	(725)	(725)	(2,900)
Reimbursement of bonus awards	(309)	(309)	(309)	(310)	(1,237)
Depreciation and amortization	(6,355)	(6,450)	(6,541)	(6,960)	(26,306)
Gain on disposition of assets	—	1	—	—	1
Operating income	7,860	9,721	7,764	8,510	33,855
Other expense, net	(1,438)	(1,812)	(2,065)	(1,288)	(6,603)
Net earnings	<u>\$ 6,422</u>	<u>\$ 7,909</u>	<u>\$ 5,699</u>	<u>\$ 7,222</u>	<u>\$ 27,252</u>

	Three months ended				Year ended December 31, 2008
	March 31, 2008	June 30, 2008	September 30, 2008	December 31, 2008	
Revenue	\$ 33,824	\$ 35,092	\$ 35,204	\$ 34,020	\$ 138,140
Direct operating costs and expenses	(15,467)	(15,320)	(16,331)	(14,732)	(61,850)
Direct general and administrative expenses	(1,073)	(1,317)	(705)	(1,043)	(4,138)
Allocated general and administrative expenses	(2,507)	(2,508)	(2,508)	(2,507)	(10,030)
Allocated insurance expense	(713)	(704)	(708)	(710)	(2,835)
Reimbursement of bonus awards	(375)	(375)	(375)	(375)	(1,500)
Depreciation and amortization	(5,733)	(5,772)	(5,794)	(6,017)	(23,316)
Gain on disposition of assets	—	—	—	2	2
Operating income	7,956	9,096	8,783	8,638	34,473
Other expense, net	(1,754)	(1,471)	(1,819)	(3,831)	(8,875)
Net earnings	<u>\$ 6,202</u>	<u>\$ 7,625</u>	<u>\$ 6,964</u>	<u>\$ 4,807</u>	<u>\$ 25,598</u>

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	Three months ended				Year ended
	March 31, 2007	June 30, 2007	September 30, 2007	December 31, 2007	December 31, 2007
Revenue	\$ 32,700	\$ 32,204	\$ 31,921	\$ 34,826	\$ 131,651
Direct operating costs and expenses	(13,945)	(15,262)	(14,414)	(17,065)	(60,686)
Direct general and administrative expenses	(894)	(461)	(288)	(1,348)	(2,991)
Allocated general and administrative expenses	(2,456)	(2,467)	(2,489)	(2,489)	(9,901)
Allocated insurance expense	(717)	(717)	(717)	(686)	(2,837)
Reimbursement of bonus awards	—	(375)	(375)	(375)	(1,125)
Depreciation and amortization	(4,965)	(5,430)	(5,481)	(5,556)	(21,432)
Operating income	9,723	7,492	8,157	7,307	32,679
Other expense, net	(3,911)	(3,279)	(242)	(105)	(7,537)
Net earnings	\$ 5,812	\$ 4,213	\$ 7,915	\$ 7,202	\$ 25,142

ANALYSIS OF REVENUE

Total Revenue. We derive revenue from our terminal and pipeline transportation operations by charging fees for providing integrated terminaling, transportation and related services. Our total revenue by category was as follows (in thousands):

	Total Revenue by Category		
	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Terminaling services fees, net	\$ 118,024	\$ 111,313	\$ 109,906
Pipeline transportation fees	4,375	4,020	1,996
Management fees and reimbursed costs	2,124	1,905	1,724
Other	18,024	20,902	18,025
Revenue	\$ 142,547	\$ 138,140	\$ 131,651

See discussion below for a detailed analysis of terminaling services fees, net, pipeline transportation fees, management fees and reimbursed costs, and other revenue included in the table above.

We operate our business and report our results of operations in five principal business segments: (i) Gulf Coast terminals, (ii) Midwest terminals and pipeline system, (iii) Brownsville terminals, (iv) River terminals and (v) Southeast terminals. The aggregate revenue of each of our business segments was as follows (in thousands):

	Total Revenue by Business Segment		
	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Gulf Coast terminals	\$ 52,123	\$ 49,315	\$ 44,669
Midwest terminals and pipeline system	6,711	5,476	5,797
Brownsville terminals	22,258	20,693	15,672
River terminals	17,395	19,606	19,511
Southeast terminals	44,060	43,050	46,002
Revenue	\$ 142,547	\$ 138,140	\$ 131,651

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Total revenue by business segment is presented and further analyzed below by category of revenue. In addition to the detailed discussion and analysis of revenue by category and business segment, our results of operations reflect:

- Our acquisition, effective December 31, 2007, of the Southeast terminals, which are included in our results of operations for the entirety of 2007 because the acquisition is accounted for as a transaction among entities under common control; and
- Our acquisition of the Mexican LPG operations from Rio Vista, effective December 31, 2007, which are included in our results of operations from such date. For the years ended December 31, 2009, 2008 and 2007, revenue attributable to our Brownsville terminals included revenue from the Mexican LPG operations of approximately \$1.5 million, \$2.1 million and \$nil, respectively.

Terminaling Services Fees, Net. Pursuant to terminaling services agreements with our customers, which range from one month to ten years in duration, we generate fees by distributing and storing products for our customers. Terminaling services fees, net include throughput fees based on the volume of product distributed from the facility, injection fees based on the volume of product injected with additive compounds, and storage fees based on a rate per barrel of storage capacity per month. The terminaling services fees, net by business segments were as follows (in thousands):

	Terminaling Services Fees, Net, by Business Segment		
	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
	Gulf Coast terminals	\$ 43,798	\$ 39,750
Midwest terminals and pipeline system	3,640	3,466	2,976
Brownsville terminals	14,755	13,103	11,799
River terminals	16,864	18,868	18,942
Southeast terminals	38,967	36,126	37,634
Terminaling services fees, net	\$ 118,024	\$ 111,313	\$ 109,906

The increase in terminaling services fees, net for the year ended December 31, 2009 as compared to the year ended December 31, 2008 includes an increase of approximately \$2.9 million resulting from newly constructed tank capacity placed into service at certain of our Gulf Coast terminals, an increase of approximately \$2.2 million resulting from completion of ethanol blending functionality at certain of our Southeast terminals, and an increase of approximately \$0.7 million resulting from newly constructed LPG tank capacity placed into service at our Brownsville terminals.

In connection with our acquisition of the Mexican LPG operations, we amended the existing LPG terminaling services agreement with TransMontaigne Inc., resulting in a decrease in the rates charged to TransMontaigne Inc. on volumes throughput at the Brownsville LPG terminal in exchange for an increase in pipeline transportation fees related to the volume of product transported through the Diamondback pipeline. For the years ended December 31, 2009 and 2008, the change in the rates charged on volumes throughput at the Brownsville LPG terminal resulted in a reduction of approximately \$(0.9) million and \$(0.8) million, respectively, of terminaling services fees, net.

Included in terminaling services fees, net for the years ended December 31, 2009, 2008 and 2007 are fees charged to Morgan Stanley Capital Group of approximately \$69.7 million, \$63.9 million and \$27.1 million, respectively, and fees charged to TransMontaigne Inc. of approximately \$7.0 million, \$6.3 million and \$36.1 million, respectively. Effective January 1, 2008, we entered into a terminaling services agreement with Morgan Stanley Capital Group relating to our Southeast facilities that replaced

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certain capacity previously utilized by TransMontaigne Inc. The increase in fees charged to Morgan Stanley Capital Group therefore offset the decrease in fees charged to TransMontaigne Inc.

Our terminaling services agreements are structured as either throughput agreements or storage agreements. Certain throughput agreements contain provisions that require our customers to throughput a minimum volume of product at our facilities over a stipulated period of time, which results in a fixed amount of revenue to be recognized by us. Our storage agreements require our customers to make minimum payments based on the volume of storage capacity available to the customer under the agreement, which results in a fixed amount of revenue to be recognized by us. We refer to the fixed amount of revenue recognized pursuant to our terminaling services agreements as being "firm commitments." Revenue recognized in excess of firm commitments and revenue recognized based solely on the volume of product distributed or injected are referred to as "variable." The "firm commitments" and "variable" revenue included in terminaling services fees, net were as follows (in thousands):

	Firm Commitments and Variable Revenue		
	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Firm commitments:			
External customers	\$ 36,341	\$ 35,816	\$ 38,394
Affiliates	77,633	70,574	34,716
Total	113,974	106,390	73,110
Variable:			
External customers	4,870	5,287	8,321
Affiliates	(820)	(364)	28,475
Total	4,050	4,923	36,796
Terminating services fees, net	\$ 118,024	\$ 111,313	\$ 109,906

Under the terminaling services agreement we entered into with Morgan Stanley Capital Group, effective January 1, 2008, Morgan Stanley Capital Group agreed to throughput a minimum volume of product at our Southeast facilities resulting in affiliated "firm commitments" during the year ended December 31, 2008. The Morgan Stanley Capital Group terminaling services agreement replaced certain capacity utilized under our prior terminaling services agreement with TransMontaigne Inc. related to our Southeast facilities. The terms of the previous agreement with TransMontaigne Inc. resulted in affiliated "variable" revenue during the year ended December 31, 2007.

At December 31, 2009, the remaining terms on the terminaling services agreements that generated "firm commitments" for the year ended December 31, 2009 were as follows (in thousands):

	At December 31, 2009
Remaining terms on terminaling services agreements that generated "firm commitments:"	
Less than 1 year remaining	\$ 13,434
More than 1 year but less than 3 years remaining	21,200
More than 3 years but less than 5 years remaining	77,762
More than 5 years remaining	1,578
Total firm commitments for the year ending December 31, 2009	\$ 113,974

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Pipeline Transportation Fees. We earn pipeline transportation fees at our Razorback pipeline and Diamondback pipeline based on the volume of product transported and the distance from the origin point to the delivery point. The Federal Energy Regulatory Commission regulates the tariff on the Razorback pipeline and the Diamondback pipeline. The pipeline transportation fees by business segments were as follows (in thousands):

	Pipeline Transportation Fees by Business Segment		
	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
	Gulf Coast terminals	\$ —	\$ —
Midwest terminals and pipeline system	1,981	1,130	1,996
Brownsville terminals	2,394	2,890	—
River terminals	—	—	—
Southeast terminals	—	—	—
Pipeline transportation fees	<u>\$ 4,375</u>	<u>\$ 4,020</u>	<u>\$ 1,996</u>

Effective December 31, 2007, we acquired the Mexican LPG operations, including the Diamondback pipeline, from Rio Vista. For the year ended December 31, 2009 and 2008, the Mexican LPG operations generated approximately \$2.4 million and \$2.9 million, respectively, of pipeline transportation fees attributable to our Brownsville terminals.

Included in pipeline transportation fees for the years ended December 31, 2009, 2008 and 2007 are fees charged to Morgan Stanley Capital Group of approximately \$2.0 million, \$1.1 million and \$1.0 million, respectively, and fees charged to TransMontaigne Inc. of approximately \$2.4 million, \$2.9 million and \$1.0 million, respectively.

Management Fees and Reimbursed Costs. We manage and operate for a major oil company certain tank capacity at our Port Everglades (South) terminal and receive reimbursement of their proportionate share of operating and maintenance costs. We manage and operate for an affiliate of Mexico's state-owned petroleum company a bi-directional products pipeline connected to our Brownsville, Texas terminal facility and receive a management fee and reimbursement of costs. We also manage and operate for another major oil company two terminals that are adjacent to our Southeast facilities and receive a reimbursement of their proportionate share of operating and maintenance costs. The management fees and reimbursed costs by business segments were as follows (in thousands):

	Management Fees and Reimbursed Costs by Business Segment		
	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
	Gulf Coast terminals	\$ 63	\$ 141
Midwest terminals and pipeline system	—	—	—
Brownsville terminals	1,739	1,449	1,171
River terminals	—	—	—
Southeast terminals	322	315	388
Management fees and reimbursed costs	<u>\$ 2,124</u>	<u>\$ 1,905</u>	<u>\$ 1,724</u>

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Other Revenue. We provide ancillary services including heating and mixing of stored products, product transfer services, railcar handling, wharfage fees and vapor recovery fees. Pursuant to terminaling services agreements with our throughput customers, we are entitled to the volume of product gained resulting from differences in the measurement of product volumes received and distributed at our terminaling facilities. Consistent with recognized industry practices, measurement differentials occur as the result of the inherent variances in measurement devices and methodology. We recognize as revenue the net proceeds from the sale of the product gained. Other revenue is composed of the following (in thousands):

	Principal Components of Other Revenue		
	Year ended	Year ended	Year ended
	December 31,	December 31,	December 31,
	2009	2008	2007
Product gains	\$ 8,927	\$ 11,272	\$ 10,509
Steam heating fees	3,828	5,389	4,391
Product transfer services	766	762	679
Railcar handling	1,022	865	567
Other	3,481	2,614	1,879
Other revenue	<u>\$ 18,024</u>	<u>\$ 20,902</u>	<u>\$ 18,025</u>

For the years ended December 31, 2009, 2008 and 2007, we sold approximately 130,000, 139,000 and 134,000 barrels, respectively, of product gained resulting from differences in the measurement of product volumes received and distributed at our terminaling facilities at average prices of \$72, \$97 and \$78 per barrel, respectively. Pursuant to our terminaling services agreement related to the Southeast terminals, we agreed to rebate to Morgan Stanley Capital Group 50% of the proceeds we receive annually in excess of \$4.2 million from the sale of product gains at our Southeast terminals. At December 31, 2009 and 2008, we have accrued a liability due to Morgan Stanley Capital Group of approximately \$0.5 million and \$2.2 million, respectively, representing our rebate liability.

Other revenue from steam heating fees decreased during the year ended December 31, 2009 as compared to the year ended December 31, 2008 by approximately \$1.6 million due principally to a decrease in utility charges rebilled to customers for the heating of stored products.

Included in other revenue for the years ended December 31, 2009, 2008 and 2007 are amounts charged to Morgan Stanley Capital Group of approximately \$11.5 million, \$13.2 million and \$2.9 million, respectively, and amounts charged to TransMontaigne Inc. of approximately \$0.2 million, \$0.1 million and \$8.9 million, respectively. The increase in amounts charged to Morgan Stanley Capital Group, and the corresponding decrease in amounts charged to TransMontaigne Inc., primarily resulted from the shift of the terminaling services agreement for the Southeast terminals, formerly with TransMontaigne Inc. to Morgan Stanley Capital Group.

The other revenue by business segments were as follows (in thousands):

	Other Revenue by Business Segment		
	Year ended	Year ended	Year ended
	December 31,	December 31,	December 31,
	2009	2008	2007
Gulf Coast terminals	\$ 8,262	\$ 9,424	\$ 5,949
Midwest terminals and pipeline system	1,090	880	825
Brownsville terminals	3,370	3,251	2,702
River terminals	531	738	569
Southeast terminals	4,771	6,609	7,980
Other revenue	<u>\$ 18,024</u>	<u>\$ 20,902</u>	<u>\$ 18,025</u>

ANALYSIS OF COSTS AND EXPENSES

Costs and Expenses. The direct operating costs and expenses of our operations include the directly related wages and employee benefits, utilities, communications, maintenance and repairs, property taxes, rent, vehicle expenses, environmental compliance costs, materials and supplies. The direct operating costs and expenses of our operations were as follows (in thousands):

	Direct Operating Costs and Expenses		
	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Wages and employee benefits	\$ 21,370	\$ 20,786	\$ 18,189
Utilities and communication charges	7,642	9,304	7,290
Repairs and maintenance	23,952	19,725	22,116
Office, rentals and property taxes	6,307	6,103	5,989
Vehicles and fuel costs	1,050	1,507	2,575
Environmental compliance costs	3,319	2,989	3,754
Other	1,328	1,436	824
Less—property and environmental insurance recoveries	—	—	(51)
Direct operating costs and expenses	\$ 64,968	\$ 61,850	\$ 60,686

The direct operating costs and expenses of our business segments were as follows (in thousands):

	Direct Operating Costs and Expenses by Business Segment		
	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Gulf Coast terminals	\$ 20,986	\$ 21,774	\$ 18,711
Midwest terminals and pipeline system	2,428	1,500	2,519
Brownsville terminals	11,916	11,510	9,039
River terminals	8,912	7,858	6,716
Southeast terminals	20,726	19,208	23,701
Direct operating costs and expenses	\$ 64,968	\$ 61,850	\$ 60,686

Effective December 31, 2007, we acquired the Southeast terminals from TransMontaigne Inc. The Southeast terminals are included in our results of operations for the entirety of 2007 because the acquisition is accounted for as a transaction among entities under common control.

Effective December 31, 2007, we acquired the Mexican LPG operations from Rio Vista. For the years ended December 31, 2009, 2008 and 2007, the Mexican LPG operations incurred approximately \$0.7 million, \$0.8 million and \$nil, respectively, of direct operating costs and expenses attributable to our Brownsville terminals.

The direct general and administrative expenses of our operations include accounting and legal costs associated with annual and quarterly reports and tax return and Schedule K-1 preparation and

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distribution, independent director fees and amortization of deferred equity-based compensation. Direct general and administrative expenses were as follows (in thousands):

	Direct General and Administrative Expenses		
	Year ended	Year ended	Year ended
	December 31,	December 31,	December 31,
	2009	2008	2007
Accounting and tax expenses	\$ 1,368	\$ 1,799	\$ 1,268
Legal expenses	747	1,087	1,054
Independent director fees and investor relations expenses	285	447	322
Amortization of deferred equity-based compensation	213	35	66
Provision for potentially uncollectible accounts receivable	—	289	83
Other	629	481	198
Direct general and administrative expenses	\$ 3,242	\$ 4,138	\$ 2,991

The accompanying consolidated financial statements include allocated general and administrative charges from TransMontaigne Inc. for allocations of indirect corporate overhead to cover costs of centralized corporate functions such as legal, accounting, treasury, insurance administration and claims processing, health, safety and environmental, information technology, human resources, credit, payroll, taxes, engineering and other corporate services. The allocated general and administrative expenses for the years ended December 31, 2009, 2008 and 2007 were approximately \$10.0 million, \$10.0 million and \$9.9 million, respectively.

The accompanying consolidated financial statements also include allocated insurance charges from TransMontaigne Inc. for allocations of insurance premiums to cover costs of insuring activities such as property, casualty, pollution, automobile, directors' and officers', and other insurable risks. The allocated insurance expense for the years ended December 31, 2009, 2008 and 2007 were approximately \$2.9 million, \$2.8 million and \$2.8 million, respectively.

The accompanying consolidated financial statements also include amounts paid to TransMontaigne Services Inc. as a partial reimbursement of bonus awards granted by TransMontaigne Services Inc. to certain key officers and employees that vest over future service periods. The reimbursements were approximately \$1.2 million, \$1.5 million and \$1.1 million for the years ended December 31, 2009, 2008 and 2007, respectively.

Depreciation and amortization for the years ended December 31, 2009, 2008 and 2007 were approximately \$26.3 million, \$23.3 million and \$21.4 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs are to fund our working capital requirements, distributions to unitholders and capital expenditures. We believe that we will be able to generate sufficient cash from operations in the future to meet our liquidity needs to fund our working capital requirements and to fund our distributions to unitholders. We expect to fund our capital expenditures with additional borrowings under our senior secured credit facility.

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Excluding acquisitions, our capital expenditures for the year ended December 31, 2009 were approximately \$37.7 million for terminal and pipeline facilities and assets to support these facilities. Management and the board of directors of our general partner approved capital projects that currently are or will be under construction with estimated completion dates that extend through March 31, 2011. At December 31, 2009, the remaining capital expenditures to complete the approved capital projects are estimated to range from \$29 million to \$33 million. We expect to fund our capital expenditures with additional borrowings under our senior secured credit facility. The budgeted capital projects include the following:

<u>Terminal</u>	<u>Description of project</u>	<u>Incremental storage capacity (in Bbls)</u>	<u>Expected completion</u>
Tampa	Improve truck rack capacity and functionality		1 st half 2010
Southeast	Renewable fuels blending functionality		2 nd half 2010
Brownsville	Build truck rack		2 nd half 2010
Collins/Purvis	Increase light oil tank capacity	700,000	1 st half 2011

Pursuant to existing terminaling services agreements with Morgan Stanley Capital Group, we expect to receive payments through December 31, 2010 from Morgan Stanley Capital Group in the range of \$4 million to \$8 million, which are due and payable upon completion of certain of the capital projects referred to above.

At December 31, 2009, our senior secured credit facility provides for a maximum borrowing line of credit equal to \$200 million. At December 31, 2009, our outstanding borrowings were approximately \$165 million, resulting in available capacity of approximately \$35 million. Upon payment of the remaining capital expenditures to complete the approved capital projects, receipt of payments from Morgan Stanley Capital Group upon completion of certain of the capital projects and a reduction in our outstanding borrowings under the senior secured credit facility considering the net proceeds and cash contribution of approximately \$52.1 million from our January 15, 2010 equity offering, we currently expect to have approximately \$60 million in available capacity under our senior secured credit facility. In addition, at our request, the revolving loan commitment can be increased up to an additional \$100 million, in the aggregate, without the approval of the lenders, but subject to the approval of the administrative agent and the receipt of additional commitments from one or more lenders. The terms of the senior secured credit facility also permit us to borrow up to approximately \$25 million from other lenders, including our general partner and its affiliates. Future capital expenditures will depend on numerous factors, including the availability, economics and cost of appropriate acquisitions which we identify and evaluate; the economics, cost and required regulatory approvals with respect to the expansion and enhancement of existing systems and facilities; customer demand for the services we provide; local, state and federal governmental regulations; environmental compliance requirements; and the availability of debt financing and equity capital on acceptable terms.

Senior Secured Credit Facility. At December 31, 2009, the senior secured credit facility provides for a maximum borrowing line of credit equal to the lesser of (i) \$200 million and (ii) four times Consolidated EBITDA (as defined: \$241.6 million at December 31, 2009). We may elect to have loans under the senior secured credit facility bear interest either (i) at a rate of LIBOR plus a margin ranging from 1.5% to 2.5% depending on the total leverage ratio then in effect, or (ii) at a base rate (the greater of (a) the federal funds rate plus 0.5% or (b) the prime rate) plus a margin ranging from 0.5% to 1.5% depending on the total leverage ratio then in effect. We also pay a commitment fee ranging from 0.3% to 0.5% per annum, depending on the total leverage ratio then in effect, on the total amount of unused commitments. Our obligations under the senior secured credit facility are secured by a first priority security interest in favor of the lenders in our assets, including cash, accounts receivable, inventory, general intangibles, investment property, contract rights and real property.

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The terms of the senior secured credit facility include covenants that restrict our ability to make cash distributions and acquisitions. We may make distributions of cash to the extent of our "available cash" as defined in our partnership agreement. We may make acquisitions meeting the definition of "permitted acquisitions" which include: acquisitions in which the consideration paid for such acquisition, together with the consideration paid for other acquisitions in the same fiscal year, does not exceed \$25 million; acquisitions that arise from the exercise of options under the omnibus agreement with TransMontaigne Inc.; and acquisitions in which we have (1) provided the agent prior written documentation in form and substance reasonably satisfactory to the agent demonstrating our pro forma compliance with all financial and other covenants contained in the senior secured credit facility after giving effect to such acquisition and (2) satisfied all other conditions precedent to such acquisition which the agent may reasonably require in connection therewith. The principal balance of loans and any accrued and unpaid interest are due and payable in full on the maturity date, December 22, 2011.

The senior secured credit facility also contains customary representations and warranties (including those relating to organization and authorization, compliance with laws, absence of defaults, material agreements and litigation) and customary events of default (including those relating to monetary defaults, covenant defaults, cross defaults and bankruptcy events). The primary financial covenants contained in the senior secured credit facility are (i) a total leverage ratio test (not to exceed 4.5 times), (ii) a senior secured leverage ratio test (not to exceed 4.0 times), and (iii) a minimum interest coverage ratio test (not less than 2.75 times). These financial covenants are based on a defined financial performance measure within the senior secured credit facility known as "Consolidated EBITDA." The calculation of the "total leverage ratio," "senior secured leverage ratio" and "interest coverage ratio" contained in the senior secured credit facility is as follows (in thousands, except ratios):

	Three months ended				Year ended
	March 31, 2009	June 30, 2009	September 30, 2009	December 31, 2009	December 31, 2009
Financial performance					
debt covenant test:					
Consolidated EBITDA for the total leverage ratio, as stipulated in the credit facility	\$ 14,228	\$ 16,241	\$ 14,357	\$ 15,583	\$ 60,409
Consolidated funded indebtedness					\$ 165,000
Total leverage ratio and senior secured leverage ratio					2.73x
Consolidated EBITDA for the interest coverage ratio	\$ 14,228	\$ 16,241	\$ 14,357	\$ 15,583	\$ 60,409
Consolidated interest expense, as stipulated in the credit facility	\$ 1,275	\$ 1,439	\$ 1,349	\$ 1,416	\$ 5,479
Interest coverage ratio					11.03x
Reconciliation of consolidated EBITDA to cash flows provided by operating activities:					
Consolidated EBITDA	\$ 14,228	\$ 16,241	\$ 14,357	\$ 15,583	\$ 60,409
Consolidated interest expense	(1,275)	(1,439)	(1,349)	(1,416)	(5,479)
Amortization of deferred revenue	(326)	(562)	(764)	(809)	(2,461)
Amounts due under long-term terminaling services agreements, net	(478)	(386)	25	(627)	(1,466)
Change in operating assets and liabilities	3,191	11,017	5,553	1,281	21,042
Cash flows provided by					

operating activities	\$ 15,340	\$ 24,871	\$ 17,822	\$ 14,012	\$ 72,045
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If we were to fail either financial performance covenant, or any other covenant contained in the senior secured credit facility, we would seek a waiver from our lenders under such facility. If we were unable to obtain a waiver from our lenders and the default remained uncured after any applicable grace period, we would be in breach of the senior secured credit facility, and the lenders would be entitled to declare all outstanding borrowings immediately due and payable.

On January 15, 2010, we issued, pursuant to an underwritten public offering, 1,750,000 common units representing limited partner interests at a public offering price of \$26.60 per common unit. On January 15, 2010, the underwriters of our secondary offering exercised in full their over-allotment option to purchase an additional 262,500 common units representing limited partnership interests at a price of \$26.60 per common unit. The net proceeds from the offering were approximately \$51.1 million, after deducting underwriting discounts, commissions, and offering expenses of approximately \$0.2 million. Additionally, TransMontaigne GP L.L.C., our general partner, made a cash contribution of approximately \$1.1 million to us to maintain its 2% general partner interest. The net proceeds from the offering and cash contribution were used to repay outstanding borrowings under our senior secured credit facility.

Contractual Obligations and Contingencies. We have contractual obligations that are required to be settled in cash. The amounts of our contractual obligations at December 31, 2009 are as follows (in thousands):

	Years ending December 31,					
	2010	2011	2012	2013	2014	Thereafter
Additions to property, plant and equipment under contract	\$ 5,502	\$ —	\$ —	\$ —	\$ —	\$ —
Operating leases—property and equipment	1,509	1,433	812	717	621	5,804
Long-term debt	—	165,000	—	—	—	—
Interest expense on debt(1)	6,600	6,600	—	—	—	—
Total contractual obligations to be settled in cash	\$ 13,611	\$ 173,033	\$ 812	\$ 717	\$ 621	\$ 5,804

- (1) Assumes that our outstanding long-term debt at December 31, 2009 remains outstanding until its maturity date and we incur interest expense at 4.0%, which considers the effect of our interest rate swaps.

Off-Balance Sheet Arrangements. At December 31, 2009, our outstanding letters of credit were \$nil.

See Notes 2, 9, 10, 11 and 14 of Notes to consolidated financial statements for additional information regarding our contractual obligations and off-balance sheet arrangements that may affect our results of operations and financial condition.

We believe that our future cash expected to be provided by operating activities, available borrowing capacity under our senior secured credit facility, and our relationship with institutional lenders and equity investors should enable us to meet our planned capital and liquidity requirements through at least the maturity date of our credit facility (December 2011).

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Market risk is the risk of loss arising from adverse changes in market rates and prices. The principal market risk to which we are exposed is interest rate risk associated with borrowings under our senior secured credit facility. Borrowings under our senior secured credit facility bear interest at a variable rate based on LIBOR or the lender's base rate. At December 31, 2009, we had outstanding borrowings of \$165.0 million under our senior secured credit facility.

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We manage a portion of our interest rate risk with interest rate swaps, which reduce our exposure to changes in interest rates by converting variable interest rates to fixed interest rates. At December 31, 2009, we were party to an interest rate swap agreement with Wachovia Bank, N.A with a notional amount of \$150.0 million that expires June 2011. Pursuant to the terms of the interest rate swap agreement, we pay a fixed rate of approximately 2.2% and receive an interest payment based on the one-month LIBOR. The net difference to be paid or received under the interest rate swap agreement is settled monthly and is recognized as an adjustment to interest expense.

Based on the outstanding balance of our variable-interest-rate debt at December 31, 2009, the terms of our interest rate swap agreement with a notional amount of \$150.0 million, and assuming market interest rates increase or decrease by 100 basis points, the potential annual increase or decrease in interest expense is approximately \$0.2 million.

We do not purchase or market products that we handle or transport and, therefore, we do not have material direct exposure to changes in commodity prices, except for the value of product gains and losses arising from certain of our terminaling services agreements with our customers. Pursuant to our terminaling services agreement related to the Southeast terminals, we agreed to rebate to Morgan Stanley Capital Group 50% of the proceeds we receive annually in excess of \$4.2 million from the sale of product gains at our Southeast terminals. We do not use derivative commodity instruments to manage the commodity risk associated with the product we may own at any given time. Generally, to the extent we are entitled to retain product pursuant to terminaling services agreements with our customers, we sell the product to Morgan Stanley Capital Group and other marketing and distribution companies on a monthly basis; the sales price is based on industry indices.

For the years ended December 31, 2009, 2008 and 2007, we sold approximately 130,000, 139,000 and 134,000 barrels, respectively, of product gained resulting from differences in the measurement of product volumes received and distributed at our terminaling facilities at average prices of \$72, \$97 and \$78 per barrel, respectively.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following consolidated financial statements should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this annual report.

TransMontaigne Partners L.P. and Subsidiaries:

Report of Independent Registered Public Accounting Firm	65
Consolidated balance sheets as of December 31, 2009 and 2008	66
Consolidated statements of operations for the years ended December 31, 2009, 2008 and 2007	67
Consolidated statements of partners' equity and comprehensive income for the years ended December 31, 2009, 2008 and 2007	68
Consolidated statements of cash flows for the years ended December 31, 2009, 2008 and 2007	69
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Report of Independent Registered Public Accounting Firm

The Board of Directors and Member
TransMontaigne GP L.L.C.:

We have audited the accompanying consolidated balance sheets of TransMontaigne Partners L.P. and subsidiaries (the Partnership) as of December 31, 2009 and 2008, and the related consolidated statements of operations, partners' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2009. These consolidated financial statements are the responsibility of TransMontaigne GP L.L.C.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of TransMontaigne Partners L.P. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2009, in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the accompanying consolidated financial statements, effective January 1, 2009, the Partnership adopted Emerging Issues Task Force Issue 07-4, *Application of the Two-Class Method Under FASB Statement No. 128 to Master Limited Partnerships* (FASB Accounting Standards Codification 260).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of TransMontaigne Partners L.P. and subsidiaries' internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 8, 2010 expressed an unqualified opinion on the effectiveness of the Partnership's internal control over financial reporting.

KPMG LLP

Denver, Colorado
March 8, 2010

TransMontaigne Partners L.P. and subsidiaries

Consolidated balance sheets

(Dollars in thousands)

	December 31, 2009	December 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,568	\$ 4,795
Trade accounts receivable, net	6,317	6,694
Due from TransMontaigne Inc.	—	761
Due from Morgan Stanley Capital Group	2,148	5,641
Other current assets	7,706	8,870
Total current assets	22,739	26,761
Property, plant and equipment, net	459,598	447,753
Goodwill	24,682	24,667
Other assets, net	8,516	7,858
	<u>\$ 515,535</u>	<u>\$ 507,039</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable	\$ 11,007	\$ 7,327
Due to TransMontaigne Inc.	168	—
Accrued liabilities	19,235	21,814
Total current liabilities	30,410	29,141
Other liabilities	17,000	4,819
Long-term debt	165,000	165,500
Total liabilities	<u>212,410</u>	<u>199,460</u>
Partners' equity:		
Common unitholders (12,444,566 and 9,952,867 units issued and outstanding at December 31, 2009 and 2008, respectively)	249,160	249,264
Subordinated unitholders (nil and 2,491,699 units issued and outstanding at December 31, 2009 and 2008, respectively)	—	4,449
General partner interest (2% interest with 253,971 equivalent units outstanding at December 31, 2009 and 2008, respectively)	54,434	54,450
Accumulated other comprehensive loss	(469)	(584)
Total partners' equity	<u>303,125</u>	<u>307,579</u>
	<u>\$ 515,535</u>	<u>\$ 507,039</u>

See accompanying notes to consolidated financial statements.

TransMontaigne Partners L.P. and subsidiaries

Consolidated statements of operations

(In thousands, except per unit amounts)

	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Revenue:			
External customers	\$ 49,697	\$ 50,705	\$ 54,711
Affiliates	92,850	87,435	76,940
	<u>142,547</u>	<u>138,140</u>	<u>131,651</u>
Costs and expenses:			
Direct operating costs and expenses	(64,968)	(61,850)	(60,686)
Direct general and administrative expenses	(3,242)	(4,138)	(2,991)
Allocated general and administrative expenses	(10,040)	(10,030)	(9,901)
Allocated insurance expense	(2,900)	(2,835)	(2,837)
Reimbursement of bonus awards	(1,237)	(1,500)	(1,125)
Depreciation and amortization	(26,306)	(23,316)	(21,432)
Gain on disposition of assets	1	2	—
Operating income	<u>33,855</u>	<u>34,473</u>	<u>32,679</u>
Other income (expenses):			
Interest income	7	38	214
Interest expense	(5,486)	(6,007)	(6,515)
Amortization of deferred financing costs	(598)	(599)	(1,236)
Unrealized loss on derivative instrument	(562)	(2,128)	—
Foreign currency transaction gain (loss)	36	(179)	—
Total other income (expenses), net	<u>(6,603)</u>	<u>(8,875)</u>	<u>(7,537)</u>
Net earnings	27,252	25,598	25,142
Less:			
Net earnings attributable to predecessor	—	—	(10,044)
Earnings allocable to general partner interest including incentive distribution rights	(2,451)	(2,226)	(757)
Net earnings allocable to limited partners	<u>\$ 24,801</u>	<u>\$ 23,372</u>	<u>\$ 14,341</u>
Net earnings per limited partner unit—basic	<u>\$ 1.99</u>	<u>\$ 1.88</u>	<u>\$ 1.38</u>
Net earnings per limited partner unit—diluted	<u>\$ 1.99</u>	<u>\$ 1.88</u>	<u>\$ 1.38</u>
Weighted average limited partner units outstanding—basic	<u>12,438</u>	<u>12,442</u>	<u>10,400</u>
Weighted average limited partner units outstanding—diluted	<u>12,441</u>	<u>12,442</u>	<u>10,401</u>

See accompanying notes to consolidated financial statements.

TransMontaigne Partners L.P. and subsidiaries
Consolidated statements of partners' equity and comprehensive income
(Dollars in thousands)

	Predecessor	Common units	Subordinated units	General partner interest	Accumulated other comprehensive loss	Total
Balance December 31, 2006	\$ 167,466	\$ 72,852	\$ 10,427	\$ (5,414)	\$ —	\$ 245,331
Proceeds from secondary offering of 5,149,800 common units, net of underwriters' discounts and offering expenses of \$9,567	—	179,946	—	—	—	179,946
Contribution of cash by TransMontaigne GP to maintain its 2% general partner interest	—	—	—	3,867	—	3,867
Contribution by TransMontaigne Inc. of capital improvements to the Brownsville and River terminals	—	—	—	6,273	—	6,273
Distributions to unitholders	—	(12,712)	(6,311)	(656)	—	(19,679)
Amortization of deferred equity-based compensation related to restricted phantom units	—	66	—	—	—	66
Repurchase of 1,680 common units by our long-term incentive plan	—	(54)	—	—	—	(54)
Acquisition of Southeast terminals from Predecessor in exchange for \$118.6 million	(168,047)	—	—	49,448	—	(118,599)
Distributions and repayments, net to Predecessor	(9,463)	—	—	—	—	(9,463)
Net earnings for year ended December 31, 2007	10,044	10,616	3,725	757	—	25,142
Balance December 31, 2007	—	250,714	7,841	54,275	—	312,830
Distributions to unitholders	—	(20,636)	(7,509)	(2,051)	—	(30,196)
Amortization of deferred equity-based compensation related to restricted phantom units	—	84	—	—	—	84
Reversal of previously recognized equity-based compensation due to repurchase of unvested restricted phantom units	—	(49)	—	—	—	(49)
Repurchase of 4,180 common units by our long-term	—	—	—	—	—	—

incentive plan	—	(104)	—	—	—	(104)
Issuance of 1,000 common units by our long-term incentive plan due to vesting of restricted phantom units	—	—	—	—	—	—
Conversion of 830,567 subordinated units into common units	—	1,741	(1,741)	—	—	—
Net earnings for year ended December 31, 2008	—	17,514	5,858	2,226	—	25,598
Foreign currency translation adjustments	—	—	—	—	(584)	(584)
Comprehensive income						25,014
Balance December 31, 2008	—	249,264	4,449	54,450	(584)	307,579
Distributions to unitholders	—	(24,514)	(4,900)	(2,467)	—	(31,881)
Amortization of deferred equity-based compensation related to restricted phantom units	—	213	—	—	—	213
Repurchase of 6,885 common units by our long-term incentive plan	—	(153)	—	—	—	(153)
Issuance of 3,000 common units by our long-term incentive plan due to vesting of restricted phantom units	—	—	—	—	—	—
Conversion of 2,491,699 subordinated units into common units	—	2,719	(2,719)	—	—	—
Net earnings for year ended December 31, 2009	—	21,631	3,170	2,451	—	27,252
Foreign currency translation adjustments	—	—	—	—	115	115
Comprehensive income						27,367
Balance December 31, 2009	\$ —	\$ 249,160	\$ —	\$ 54,434	\$ (469)	\$ 303,125

See accompanying notes to consolidated financial statements.

TransMontaigne Partners L.P. and subsidiaries
Consolidated statements of cash flows
(In thousands)

	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Cash flows from operating activities:			
Net earnings	\$ 27,252	\$ 25,598	\$ 25,142
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	26,306	23,316	21,432
Gain on disposition of assets	(1)	—	—
Amortization of deferred equity-based compensation	213	84	66
Reversal of previously recognized equity-based compensation	—	(49)	—
Amortization of deferred financing costs	598	599	1,236
Amortization of deferred revenue	(2,461)	—	—
Amounts due under long-term terminaling services agreements, net	(1,466)	(1,425)	(724)
Unrealized loss on derivative instrument	562	2,128	—
Changes in operating assets and liabilities, net of effects from acquisitions:			
Trade accounts receivable, net	377	(2,285)	(2,796)
Due from TransMontaigne Inc.	896	1,169	3,385
Due from Morgan Stanley Capital Group.	18,069	(1,093)	—
Other current assets	1,174	188	(1,772)
Trade accounts payable	3,684	4,788	(102)
Accrued liabilities	(3,158)	470	10,539
Net cash provided by operating activities	<u>72,045</u>	<u>53,488</u>	<u>56,406</u>
Cash flows from investing activities:			
Acquisition of terminal facilities, net of cash acquired	—	—	(127,560)
Additions to property, plant and equipment—expansion of facilities	(30,245)	(48,614)	(18,390)
Additions to property, plant and equipment—maintain existing facilities	(7,468)	(4,765)	(9,600)
Proceeds from sale of assets	2	—	—
Other	(31)	(27)	—
Net cash (used in) investing activities	<u>(37,742)</u>	<u>(53,406)</u>	<u>(155,550)</u>
Cash flows from financing activities:			
Net proceeds from issuance of common units	—	—	179,946
Contribution of cash by TransMontaigne GP	—	—	3,867
Net borrowings (payments) under credit facility	(500)	33,500	(57,621)
Distributions paid to unitholders	(31,881)	(30,196)	(19,679)
Cash paid for deferred financing costs	—	—	(1,027)
Repurchase of common units by our long-term incentive plan	(153)	(104)	(54)
Distributions and repayments to TransMontaigne Inc., net	—	—	(8,146)
Net cash provided by (used in) financing activities	<u>(32,534)</u>	<u>3,200</u>	<u>97,286</u>
Increase (decrease) in cash and cash equivalents	1,769	3,282	(1,858)
Foreign currency exchange effect on cash	4	(91)	—
Cash and cash equivalents at beginning of period	4,795	1,604	3,462
Cash and cash equivalents at end of period	<u>\$ 6,568</u>	<u>\$ 4,795</u>	<u>\$ 1,604</u>
Supplemental disclosures of cash flow information:			
Cash paid for interest	<u>\$ 6,769</u>	<u>\$ 6,092</u>	<u>\$ 6,678</u>

Non-cash distributions to TransMontaigne Inc., net

\$ — \$ — \$ (1,317)

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Years ended December 31, 2009, 2008 and 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Nature of business

TransMontaigne Partners L.P. ("Partners") was formed in February 2005 as a Delaware master limited partnership initially to own and operate refined petroleum products terminaling and transportation facilities. We conduct our operations primarily in the United States along the Gulf Coast, in the Southeast, in Brownsville, Texas, along the Mississippi and Ohio rivers, and in the Midwest. We provide integrated terminaling, storage, transportation and related services for companies engaged in the distribution and marketing of refined petroleum products, crude oil, chemicals, fertilizers and other liquid products, including TransMontaigne Inc. and Morgan Stanley Capital Group Inc.

We are controlled by our general partner, TransMontaigne GP L.L.C. ("TransMontaigne GP"), which is a wholly-owned subsidiary of TransMontaigne Inc. Effective September 1, 2006, Morgan Stanley Capital Group Inc. ("Morgan Stanley Capital Group"), a wholly-owned subsidiary of Morgan Stanley, purchased all of the issued and outstanding capital stock of TransMontaigne Inc. Morgan Stanley Capital Group is the principal commodities trading arm of Morgan Stanley. As a result of Morgan Stanley's acquisition of TransMontaigne Inc., Morgan Stanley became the indirect owner of our general partner. At February 26, 2010, TransMontaigne Inc. and Morgan Stanley have a significant interest in our partnership through their indirect ownership of a 22.1% limited partner interest, a 2% general partner interest and the incentive distribution rights.

(b) Basis of presentation and use of estimates

Our accounting and financial reporting policies conform to accounting principles and practices generally accepted in the United States of America. The accompanying consolidated financial statements include the accounts of TransMontaigne Partners L.P., a Delaware limited partnership, and its controlled subsidiaries. All significant inter-company accounts and transactions have been eliminated in the preparation of the accompanying consolidated financial statements.

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. The following estimates, in management's opinion, are subjective in nature, require the exercise of judgment, and involve complex analyses: allowance for doubtful accounts, accrued environmental obligations and determining the fair value of our reporting units when performing our annual goodwill impairment analysis. Changes in these estimates and assumptions will occur as a result of the passage of time and the occurrence of future events. Actual results could differ from these estimates.

The accompanying consolidated financial statements include the assets, liabilities and results of operations of certain terminal and pipeline operations prior to their acquisition by us from TransMontaigne Inc. The acquired assets and liabilities have been recorded at TransMontaigne Inc.'s carryover basis. At the closing of our initial public offering on May 27, 2005, we acquired from TransMontaigne Inc. seven Florida terminals, including terminals located in Tampa, Port Manatee, Fisher Island, Port Everglades (North), Port Everglades (South), Cape Canaveral, and Jacksonville; and the Razorback pipeline system, including the terminals located at Mt. Vernon, Missouri and Rogers, Arkansas in exchange for 120,000 common units, 2,872,266 subordinated units, a 2% general partner interest, and a cash payment of approximately \$111.5 million. On January 1, 2006, we acquired from

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

TransMontaigne Inc. the Mobile, Alabama terminal in exchange for a cash payment of approximately \$17.9 million. On December 29, 2006, we acquired from TransMontaigne Inc. the Brownsville, Texas terminal, 12 terminals along the Mississippi and Ohio rivers ("River terminals"), and the Baton Rouge, Louisiana dock facility in exchange for a cash payment of approximately \$135 million. On December 31, 2007, we acquired from TransMontaigne Inc. twenty-two terminals along the Colonial and Plantation pipelines ("Southeast terminals") in exchange for a cash payment of approximately \$118.6 million (See Note 3 of Notes to consolidated financial statements). The acquisitions of terminal and pipeline operations from TransMontaigne Inc. have been accounted for as transactions among entities under common control and, accordingly, prior periods include the activity of the acquired terminal and pipeline operations since the date they were purchased by TransMontaigne Inc. for acquisitions made by us prior to September 1, 2006, and since September 1, 2006 (the date of Morgan Stanley Capital Group's acquisition of TransMontaigne Inc.) for acquisitions made by us on or after September 1, 2006.

The accompanying consolidated financial statements include allocated general and administrative charges from TransMontaigne Inc. for indirect corporate overhead to cover costs of functions such as legal, accounting, treasury, engineering, environmental safety, information technology, and other corporate services (see Note 2 of Notes to consolidated financial statements). The allocated general and administrative expenses were approximately \$10.0 million, \$10.0 million and \$9.9 million for the years ended December 31, 2009, 2008 and 2007, respectively. The accompanying consolidated financial statements also include allocated insurance charges from TransMontaigne Inc. for insurance premiums to cover costs of insuring activities such as property, casualty, pollution, automobile, directors' and officers' liability, and other insurable risks. The allocated insurance charges were approximately \$2.9 million, \$2.8 million and \$2.8 million for the years ended December 31, 2009, 2008 and 2007, respectively. Management believes that the allocated general and administrative charges and insurance charges are representative of the actual costs and expenses incurred by TransMontaigne Inc. for managing Partners' operations. The accompanying consolidated financial statements also include reimbursement of bonus awards paid to TransMontaigne Services Inc. (a wholly-owned subsidiary of TransMontaigne Inc.) towards bonus awards granted by TransMontaigne Services Inc. to certain key officers and employees that vest over future periods. The reimbursement of bonus awards was approximately \$1.2 million, \$1.5 million and \$1.1 million for the years ended December 31, 2009, 2008 and 2007, respectively.

(c) Accounting for terminal and pipeline operations

In connection with our terminal and pipeline operations, we utilize the accrual method of accounting for revenue and expenses. We generate revenue in our terminal and pipeline operations from terminaling services fees, transportation fees, management fees and cost reimbursements, fees from other ancillary services and gains from the sale of refined products. Terminaling services revenue is recognized ratably over the term of the agreement for storage fees and minimum revenue commitments that are fixed at the inception of the agreement and when product is delivered to the customer for fees based on a rate per barrel throughput; transportation revenue is recognized when the product has been delivered to the customer at the specified delivery location; management fee revenue and cost reimbursements are recognized as the services are performed or as the costs are incurred; ancillary service revenue is recognized as the services are performed; and gains from the sale of refined products are recognized when the title to the product is transferred.

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Cash and cash equivalents

We consider all short-term investments with a remaining maturity of three months or less at the date of purchase to be cash equivalents.

(e) Property, plant and equipment

Depreciation is computed using the straight-line method. Estimated useful lives are 15 to 25 years for plant, which includes buildings, storage tanks, and pipelines, and 3 to 25 years for equipment. All items of property, plant and equipment are carried at cost. Expenditures that increase capacity or extend useful lives are capitalized. Repairs and maintenance are expensed as incurred.

We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on expected undiscounted future cash flows attributable to that asset. If an asset is impaired, the impairment loss to be recognized is the excess of the carrying amount of the asset over its estimated fair value.

(f) Environmental obligations

We accrue for environmental costs that relate to existing conditions caused by past operations when estimable (see Note 9 of Notes to consolidated financial statements). Environmental costs include initial site surveys and environmental studies of potentially contaminated sites, costs for remediation and restoration of sites determined to be contaminated and ongoing monitoring costs, as well as fines, damages and other costs, including direct legal costs. Liabilities for environmental costs at a specific site are initially recorded, on an undiscounted basis, when it is probable that we will be liable for such costs, and a reasonable estimate of the associated costs can be made based on available information. Such an estimate includes our share of the liability for each specific site and the sharing of the amounts related to each site that will not be paid by other potentially responsible parties, based on enacted laws and adopted regulations and policies. Adjustments to initial estimates are recorded, from time to time, to reflect changing circumstances and estimates based upon additional information developed in subsequent periods. Estimates of our ultimate liabilities associated with environmental costs are difficult to make with certainty due to the number of variables involved, including the early stage of investigation at certain sites, the lengthy time frames required to complete remediation, technology changes, alternatives available and the evolving nature of environmental laws and regulations. We periodically file claims for insurance recoveries of certain environmental remediation costs with our insurance carriers under our comprehensive liability policies (see Note 5 of Notes to consolidated financial statements). We recognize our insurance recoveries as a credit to income in the period that we assess the likelihood of recovery as being probable (i.e., likely to occur).

TransMontaigne Inc. has indemnified us through May 27, 2010 against certain potential environmental claims, losses and expenses associated with the operation of the Florida and Midwest terminal facilities and occurring before May 27, 2005, up to a maximum liability not to exceed \$15.0 million for this indemnification obligation (see Note 2 of Notes to consolidated financial statements). TransMontaigne Inc. has indemnified us through December 31, 2011 against certain potential environmental claims, losses and expenses associated with the operation of the Brownsville and River terminals and occurring before December 31, 2006, up to a maximum liability not to exceed \$15.0 million for this indemnification obligation (see Note 2 of Notes to consolidated financial statements). TransMontaigne Inc. has indemnified us through December 31, 2012 against certain

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

potential environmental claims, losses and expenses associated with the operation of the Southeast terminals and occurring before December 31, 2007, up to a maximum liability not to exceed \$15.0 million for this indemnification obligation (see Note 2 of Notes to consolidated financial statements).

(g) Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development or normal use of the asset. Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" or FASB Accounting Standards Codification ("ASC") 410, "Asset Retirement and Environmental Obligations," requires that the fair value of a liability related to the retirement of long-lived assets be recorded at the time a legal obligation is incurred. Once an asset retirement obligation is identified and a liability is recorded, a corresponding asset is recorded, which is depreciated over the remaining useful life of the asset. After the initial measurement, the liability is adjusted to reflect changes in the asset retirement obligation's fair value. If and when it is determined that a legal obligation has been incurred, the fair value of any liability is determined based on estimates and assumptions related to retirement costs, future inflation rates and interest rates. Our long-lived assets consist of above-ground storage facilities and underground pipelines. We are unable to predict if and when our long-lived assets will become completely obsolete and require dismantlement. Accordingly, we have not recorded an asset retirement obligation, or corresponding asset, because the future dismantlement and removal dates of our long-lived assets, and the amount of any associated costs, are indeterminable. Changes in our estimates and assumptions may occur as a result of the passage of time and the occurrence of future events.

(h) Equity-based compensation plan

We account for our equity-based compensation awards pursuant to the provisions of Statement of Financial Accounting Standards No. 123 (R), "Share-Based Payment" or FASB ASC 718, "Compensation—Stock Compensation." This Statement requires us to measure the cost of services received in exchange for an award of equity instruments based on the grant-date fair value of the award. That cost will be recognized over the period during which a board member or employee is required to provide service in exchange for the award. We are required to estimate the number of equity instruments that are expected to vest in measuring the total compensation cost to be recognized over the related service period. Compensation cost is recognized over the service period on a straight-line basis.

(i) Foreign currency translation and transactions

The functional currency of Partners and its U.S.-based subsidiaries is the U.S. Dollar. The functional currency of our foreign subsidiaries, including Penn Octane de Mexico, S. de R.L. de C.V., Termatsal, S. de R.L. de C.V., and Tergas, S. de R.L. de C.V., is the Mexican Peso. The assets and liabilities of our foreign subsidiaries are translated at period-end rates of exchange, and revenue and expenses are translated at average exchange rates prevailing for the period. The resulting translation adjustments, net of related income taxes, are recorded as a component of other comprehensive income in partners' equity. Gains and losses from the remeasurement of foreign currency transactions (transactions denominated in a currency other than the entity's functional currency) are included in the consolidated statements of operations in other income (expenses).

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Accounting for Derivative Instruments

We account for our derivative instruments pursuant to the provisions of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" or FASB ASC 815, "Derivatives and Hedging." This Statement requires us to recognize all derivative instruments at fair value in the consolidated balance sheet as assets or liabilities (see Note 9 of Notes to consolidated financial statements). Changes in the fair value of our derivative instruments are recognized in earnings unless specific hedge accounting criteria are met.

At December 31, 2009 and 2008, our derivative instruments were limited to interest rate swaps. We have not designated these interest rate swaps as hedges and therefore the change in the fair value of our interest rate swaps is included in the consolidated statements of operations in other income (expenses). The fair value of our interest rate swaps is determined using a pricing model based on the LIBOR swap rate and other observable market data. The fair value was determined after considering the potential impact of collateralization, adjusted to reflect nonperformance risk of both Wachovia Bank N.A., the counterparty, and us. Our fair value measurement of our interest rate swaps utilizes Level 2 inputs.

(k) Income taxes

No provision for U.S. federal income taxes has been reflected in the accompanying consolidated financial statements because Partners is treated as a partnership for federal income taxes. As a partnership, all income, gains, losses, expenses, deductions and tax credits generated by Partners flow through to the unitholders of the partnership.

Partners is a taxable entity under certain U.S. state jurisdictions. We are subject to income taxes in the state of Texas. Certain of our Mexican subsidiaries are corporations for Mexican tax purposes and, therefore, are subject to Mexican federal and provincial income taxes.

Partners accounts for U.S. state income taxes and Mexican federal and provincial income taxes under the asset and liability method pursuant to Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" or FASB ASC 740, "Income Taxes." Currently, Mexican federal and provincial income taxes and U.S. state income taxes are not significant.

(l) Net earnings per limited partner unit

Emerging Issues Task Force ("EITF") Issue 07-4, "Application of the Two-Class Method Under FASB Statement No. 128 to Master Limited Partnerships" or FASB ASC 260, "Earnings Per Share," addresses the computation of earnings per limited partnership unit for master limited partnerships that consist of publicly traded common units held by limited partners, a general partner interest, and incentive distribution rights that are accounted for as equity interests. Partners' incentive distribution rights are owned by our general partner. Distributions are declared from available cash (as defined by our partnership agreement) and the incentive distribution rights are not entitled to distributions other than from available cash. The consensus states that any excess of distributions over earnings shall be allocated to the limited partners and general partner interest based on their respective sharing of losses specified in the partnership agreement. Partners has allocated the excess of distributions over earnings to the limited partners and general partner interest based on their ownership percentages of 98% and 2%, respectively. Incentive distribution rights do not share in losses under our partnership agreement.

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The earnings allocable to the general partner interest, including the incentive distribution rights, for the period represents distributions declared after period end on behalf of the general partner interest and incentive distribution rights less the allocated excess of distributions over earnings for the period (see Note 15 of Notes to consolidated financial statements). Partners adopted the consensus reached on EITF Issue 07-4 effective January 1, 2009, and applied it retrospectively to all periods presented.

The following is a summary of the impact of the adoption of the consensus reached on EITF Issue 07-4 on our consolidated statements of partners' equity and comprehensive income as of December 31, 2008, 2007 and 2006 (in thousands):

	Predecessor	Common units	Subordinated units	General partner interest	Accumulated other comprehensive loss	Total
Balance previously reported December 31, 2006	\$ 167,466	\$ 72,852	\$ 10,427	\$ (5,414)	\$ —	\$ 245,331
Impact of adoption	—	—	—	—	—	—
Balance December 31, 2006	\$ 167,466	\$ 72,852	\$ 10,427	\$ (5,414)	\$ —	\$ 245,331
Balance previously reported December 31, 2007	\$ —	\$ 250,351	\$ 8,659	\$ 53,820	\$ —	\$ 312,830
Impact of adoption	—	363	(818)	455	—	—
Balance December 31, 2007	\$ —	\$ 250,714	\$ 7,841	\$ 54,275	\$ —	\$ 312,830
Balance previously reported December 31, 2008	\$ —	\$ 249,681	\$ 5,779	\$ 52,703	\$ (584)	\$ 307,579
Impact of adoption	—	(417)	(1,330)	1,747	—	—
Balance December 31, 2008	\$ —	\$ 249,264	\$ 4,449	\$ 54,450	\$ (584)	\$ 307,579

Notes to Consolidated Financial Statements (Continued)**Years ended December 31, 2009, 2008 and 2007****(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The following is a summary of the impact of the adoption of the consensus reached on EITF Issue 07-4 on our consolidated statements of operations for the years ended December 31, 2008 and 2007 (in thousands except per unit amounts):

	Year ended December 31, 2008	Year ended December 31, 2007
Earnings allocable to general partner interest including incentive distribution rights previously reported	\$ 934	\$ 302
Impact of adoption	1,292	455
Earnings allocable to general partner interest including incentive distribution rights	\$ 2,226	\$ 757
Net earnings allocable to limited partners previously reported	\$ 24,664	\$ 14,796
Impact of adoption	(1,292)	(455)
Net earnings allocable to limited partners	\$ 23,372	\$ 14,341
Net earnings per limited partner unit—basic and diluted previously reported	\$ 1.98	\$ 1.42
Impact of adoption	(0.10)	(0.04)
Net earnings per limited partner unit—basic and diluted	\$ 1.88	\$ 1.38

Basic earnings per limited partner unit are computed by dividing net earnings allocable to limited partners by the weighted average number of limited partnership units outstanding during the period, excluding restricted phantom units. Diluted earnings per limited partner unit are computed by dividing net earnings allocable to limited partners by the weighted average number of limited partnership units outstanding during the period and, when dilutive, restricted phantom units. Net earnings allocable to limited partners are net of the earnings allocable to the general partner interest including incentive distribution rights.

(m) Reclassifications

Certain amounts in the prior periods have been reclassified to conform to the current period's presentation. Net earnings and total partners' equity and comprehensive income have not been affected by these reclassifications.

Acquisitions of terminals from TransMontaigne Inc. during the years ended December 31, 2007 and 2006 have been recorded at carryover basis in a manner similar to a reorganization of entities under common control (see Note 3 of Notes to consolidated financial statements). The difference of approximately \$50.0 million between the consideration paid to TransMontaigne Inc. and the carryover basis of the net assets acquired was previously reflected in the consolidated statements of partners' equity and comprehensive income as being attributed to the subordinated units. We are controlled by our general partner, TransMontaigne GP L.L.C., which is an indirect wholly-owned subsidiary of TransMontaigne Inc. TransMontaigne Inc.'s ownership of our general partner results in the entities being under common control. As a result, during the year ended December 31, 2008, we changed the presentation in the consolidated statements of partners' equity and comprehensive income to attribute this difference to the general partner interest. The adjustment to change the presentation is considered an immaterial correction to the accompanying consolidated balance sheets and consolidated statements of partners' equity and comprehensive income.

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(2) TRANSACTIONS WITH TRANSMONTAIGNE INC. AND MORGAN STANLEY CAPITAL GROUP

Omnibus Agreement. We have an omnibus agreement with TransMontaigne Inc. that will expire in December 2014, unless extended. Under the omnibus agreement we pay TransMontaigne Inc. an administrative fee for the provision of various general and administrative services for our benefit. Effective January 1, 2010, the annual administrative fee payable to TransMontaigne Inc. will be approximately \$10.3 million. If we acquire or construct additional facilities, TransMontaigne Inc. will propose a revised administrative fee covering the provision of services for such additional facilities. If the conflicts committee of our general partner agrees to the revised administrative fee, TransMontaigne Inc. will provide services for the additional facilities pursuant to the agreement. The administrative fee includes expenses incurred by TransMontaigne Inc. to perform centralized corporate functions, such as legal, accounting, treasury, insurance administration and claims processing, health, safety and environmental, information technology, human resources, credit, payroll, taxes and engineering and other corporate services, to the extent such services are not outsourced by TransMontaigne Inc.

The omnibus agreement further provides that we pay TransMontaigne Inc. an insurance reimbursement for premiums on insurance policies covering our facilities and operations. Effective January 1, 2010, the annual insurance reimbursement payable to TransMontaigne Inc. will be approximately \$3.2 million. We also reimburse TransMontaigne Inc. for direct operating costs and expenses that TransMontaigne Inc. incurs on our behalf, such as salaries of operational personnel performing services on-site at our terminals and pipelines and the cost of their employee benefits, including 401(k) and health insurance benefits.

We also agreed to reimburse TransMontaigne Inc. and its affiliates for a portion of the incentive payment grants to key employees of TransMontaigne Inc. and its affiliates under the TransMontaigne Services Inc. savings and retention plan, provided the compensation committee of our general partner determines that an adequate portion of the incentive payment grants are allocated to an investment fund indexed to the performance of our common units. For the year ending December 31, 2010, we have agreed to reimburse TransMontaigne Inc. and its affiliates approximately \$1.25 million.

The omnibus agreement provides us with a right of first offer to purchase all of TransMontaigne Inc.'s and its subsidiaries' right, title and interest in the Pensacola, Florida refined petroleum products terminal and any assets acquired in an asset exchange transaction that replace the Pensacola assets. This right of first offer is exercisable through December 2010.

The omnibus agreement also provides TransMontaigne Inc. a right of first refusal to purchase our assets, provided that TransMontaigne Inc. agrees to pay no less than 105% of the purchase price offered by the third party bidder. Before we enter into any contract to sell such terminal or pipeline facilities, we must give written notice of all material terms of such proposed sale to TransMontaigne Inc. TransMontaigne Inc. will then have the sole and exclusive option, for a period of 45 days following receipt of the notice, to purchase the subject facilities for no less than 105% of the purchase price on the terms specified in the notice.

TransMontaigne Inc. also has a right of first refusal to contract for the use of any petroleum product storage capacity that (i) is put into commercial service after January 1, 2008, or (ii) was subject to a terminaling services agreement that expires or is terminated (excluding a contract renewable solely at the option of our customer), provided that TransMontaigne Inc. agrees to pay 105% of the fees offered by the third party customer.

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(2) TRANSACTIONS WITH TRANSMONTAIGNE INC. AND MORGAN STANLEY CAPITAL GROUP (Continued)

Environmental Indemnification. In connection with our acquisition of the Florida and Midwest terminals, TransMontaigne Inc. agreed to indemnify us through May 27, 2010, against certain potential environmental liabilities associated with the operation of the Florida and Midwest terminals that occurred on or prior to May 27, 2005. TransMontaigne Inc.'s maximum liability for this indemnification obligation is \$15.0 million. TransMontaigne Inc. has no obligation to indemnify us for losses until such aggregate losses exceed \$250,000. TransMontaigne Inc. has no indemnification obligations with respect to environmental claims made as a result of additions to or modifications of environmental laws promulgated after May 27, 2005.

In connection with our acquisition of the Brownsville and River terminals, TransMontaigne Inc. agreed to indemnify us through December 31, 2011, against certain potential environmental liabilities associated with the operation of the Brownsville and River terminals that occurred on or prior to December 31, 2006. Our environmental losses must first exceed \$250,000 and TransMontaigne Inc.'s indemnification obligations are capped at \$15.0 million. The cap amount does not apply to any environmental liabilities known to exist as of December 31, 2006. TransMontaigne Inc. has no indemnification obligations with respect to environmental claims made as a result of additions to or modifications of environmental laws promulgated after December 31, 2006.

In connection with our acquisition of the Southeast terminals, TransMontaigne Inc. agreed to indemnify us through December 31, 2012, against certain potential environmental liabilities associated with the operation of the Southeast terminals that occurred on or prior to December 31, 2007. Our environmental losses must first exceed \$250,000 and TransMontaigne Inc.'s indemnification obligations are capped at \$15.0 million. The cap amount does not apply to any environmental liabilities known to exist as of December 31, 2007. TransMontaigne Inc. has no indemnification obligations with respect to environmental claims made as a result of additions to or modifications of environmental laws promulgated after December 31, 2007.

Terminaling Services Agreement—Florida Terminals and Razorback Pipeline System. We have a terminaling services agreement with Morgan Stanley Capital Group relating to our Florida, Mt. Vernon, Missouri and Rogers, Arkansas terminals. Effective June 1, 2008, we amended the terminaling services agreement to include renewable fuels blending functionality at the Florida Terminals. The initial term expires on May 31, 2014 for the Florida terminals and on May 31, 2012 for the Razorback pipeline system. After the initial term, the terminaling services agreement will automatically renew for subsequent one-year periods, subject to either party's right to terminate with six months' notice prior to the end of the initial term or the then current renewal term. Under this agreement, Morgan Stanley Capital Group agreed to throughput a volume of refined product that will, at the fee and tariff schedule contained in the agreement, result in minimum throughput payments to us of approximately \$36.3 million for the contract year ending May 31, 2010 (approximately \$36.6 million for the contract year ending May 31, 2011); with stipulated annual increases in throughput payments each contract year thereafter. Morgan Stanley Capital Group's minimum annual throughput payment is reduced proportionately for any decrease in storage capacity due to out-of-service tank capacity.

If a force majeure event occurs that renders performance impossible with respect to an asset for at least 30 consecutive days, Morgan Stanley Capital Group's obligations would be temporarily suspended with respect to that asset. If a force majeure event continues for 30 consecutive days or more and results in a diminution in the storage capacity we make available to Morgan Stanley Capital Group,

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(2) TRANSACTIONS WITH TRANSMONTAIGNE INC. AND MORGAN STANLEY CAPITAL GROUP (Continued)

Morgan Stanley Capital Group's minimum revenue commitment would be reduced proportionately for the duration of the force majeure event.

Morgan Stanley Capital Group may not assign the terminaling services agreement without our consent. Upon termination of the agreement, Morgan Stanley Capital Group has a right of first refusal to enter into a new terminaling services agreement with us, provided they pay no less than 105% of the fees offered by any third party.

Revenue Support Agreement—Oklahoma City Terminal. We have a revenue support agreement with TransMontaigne Inc. that provides that in the event any current third-party terminaling agreement should expire, TransMontaigne Inc. agrees to enter into a terminaling services agreement that will expire no earlier than November 1, 2012. The terminaling services agreement will provide that TransMontaigne Inc. agrees to throughput such volume of refined product as may be required to guarantee minimum revenue of approximately \$0.8 million per year. If TransMontaigne Inc. fails to meet its minimum revenue commitment in any year, it must pay us the amount of any shortfall within 15 business days following receipt of an invoice from us. In exchange for TransMontaigne Inc.'s minimum revenue commitment, we will agree to provide TransMontaigne Inc. approximately 153,000 barrels of light oil storage capacity at our Oklahoma City terminal. TransMontaigne Inc.'s minimum revenue commitment currently is not in effect because a major oil company is under contract through March 31, 2011, for the utilization of the light oil storage capacity at the terminal.

Terminaling Services Agreement—Mobile Terminal. We have a terminaling and transportation services agreement with TransMontaigne Inc. that will expire on December 31, 2012. Under this agreement, TransMontaigne Inc. agreed to throughput at our Mobile terminal a volume of refined products that will, at the fee schedule contained in the agreement, result in minimum revenue to us of approximately \$2.5 million for the contract year ending December 31, 2010.

Terminaling Services Agreement—Brownsville Terminals. We have a terminaling and transportation services agreement with Morgan Stanley Capital Group, relating to our Brownsville, Texas terminal complex that will expire on October 31, 2010. Under this agreement, Morgan Stanley Capital Group agreed to store a specified minimum amount of fuel oils at our terminals that will result in minimum revenue to us of approximately \$2.2 million per year. In exchange for its minimum revenue commitment, we agreed to provide Morgan Stanley Capital Group a minimum amount of storage capacity for such fuel oils. Effective November 1, 2009, we amended the terminaling services agreement with Morgan Stanley Capital Group to reduce Morgan Stanley Capital Group's minimum revenue commitment to approximately \$1.3 million per year in exchange for Morgan Stanley Capital Group returning approximately 200,000 barrels of storage capacity.

Terminaling Services Agreement—Brownsville LPG. We have a terminaling and transportation services agreement with TransMontaigne Inc. relating to our Brownsville, Texas facilities that will expire on March 31, 2010. Under this agreement, TransMontaigne Inc. agreed to throughput at our Brownsville facilities certain minimum volumes of natural gas liquids that will result in minimum revenue to us of approximately \$1.4 million per year. In exchange for TransMontaigne Inc.'s minimum throughput commitment, we agreed to provide TransMontaigne Inc. approximately 15,000 barrels of storage capacity at our Brownsville facilities. During 2008, we amended the terminaling and transportation services agreement with TransMontaigne Inc. to reduce TransMontaigne Inc.'s minimum

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(2) TRANSACTIONS WITH TRANSMONTAIGNE INC. AND MORGAN STANLEY CAPITAL GROUP (Continued)

revenue commitment to approximately \$0.7 million per year in exchange for entering into terminaling and transportation agreements to deliver natural gas liquids to Matamoros, Mexico. During October 2008, TransMontaigne Inc.'s minimum revenue commitment increased to approximately \$1.6 million per year when we increased the LPG storage capacity at our Brownsville LPG terminal to approximately 33,000 barrels.

Terminaling Services Agreement—Matamoros LPG. During 2008, we entered into a terminaling and transportation services agreement with TransMontaigne Inc. relating to our natural gas liquids storage facility in Matamoros, Mexico that will expire on March 31, 2010. Under this agreement, TransMontaigne Inc. agreed to throughput a volume of natural gas liquids that will, at the fee schedule contained in the agreement, result in minimum throughput payments to us of approximately \$0.6 million per year. In exchange for TransMontaigne Inc.'s minimum throughput payments, we agreed to provide TransMontaigne Inc. approximately 7,000 barrels of natural gas liquids storage capacity.

Terminaling Services Agreement—Brownsville and River Terminals. We have a terminaling and transportation services agreement with TransMontaigne Inc. relating to certain renewable fuels capacity at our Brownsville and River terminals that will expire on May 31, 2012. Under this agreement, TransMontaigne Inc. agreed to throughput at these terminals certain minimum volumes of renewable fuels that will, at the fee schedule contained in the agreement, result in minimum revenue to us of approximately \$0.6 million per year. In exchange for TransMontaigne Inc.'s minimum throughput commitment, we agreed to provide TransMontaigne Inc. approximately 116,000 barrels of storage capacity at these terminals.

Terminaling Services Agreement—Southeast Terminals. We have a terminaling and transportation services agreement with Morgan Stanley Capital Group relating to our Southeast terminals. The terminaling services agreement commenced on January 1, 2008 and has a seven-year term expiring on December 31, 2014, subject to a seven-year renewal option at the election of Morgan Stanley Capital Group. Under this agreement, Morgan Stanley Capital Group agreed to throughput a volume of refined product at our Southeast terminals that will, at the fee schedule contained in the agreement, result in minimum throughput payments to us of approximately \$33.1 million for the contract year ending December 31, 2010; with stipulated annual increases in throughput payments each contract year thereafter. Morgan Stanley Capital Group's minimum annual throughput payment is reduced proportionately for any decrease in storage capacity due to out-of-service tank capacity. In exchange for its minimum throughput commitment, we agreed to provide Morgan Stanley Capital Group approximately 8.7 million barrels of light oil storage capacity at our Southeast terminals. Under this agreement we also agreed to undertake certain capital projects to provide renewable fuels blending functionality at certain of our Southeast terminals with estimated completion dates that extend through December 31, 2010. Upon completion of each of the projects, Morgan Stanley Capital Group has agreed to pay us an ethanol blending fee. At December 31, 2009, we had received payments totaling approximately \$17 million and we expect to receive future payments through December 31, 2010 from Morgan Stanley Capital Group in the range of \$4 million to \$8 million.

If a force majeure event occurs that renders performance impossible with respect to an asset for at least 30 consecutive days, Morgan Stanley Capital Group's obligations would be temporarily suspended with respect to that asset. If a force majeure event continues for 30 consecutive days or more and results in a diminution in the storage capacity we make available to Morgan Stanley Capital Group,

Notes to Consolidated Financial Statements (Continued)**Years ended December 31, 2009, 2008 and 2007****(2) TRANSACTIONS WITH TRANSMONTAIGNE INC. AND MORGAN STANLEY CAPITAL GROUP (Continued)**

Morgan Stanley Capital Group's minimum revenue commitment would be reduced proportionately for the duration of the force majeure event.

Morgan Stanley Capital Group may not assign the terminaling services agreement without our consent.

(3) ACQUISITIONS

Mexican LPG Operations. Effective December 31, 2007, we acquired from Rio Vista Energy Partners L.P. ("Rio Vista") a terminal facility in Matamoros, Mexico, the Diamondback pipeline which runs from Brownsville, Texas to Matamoros, Mexico, with associated rights of way and easements and 47 acres of land, together with a permit to distribute liquefied petroleum gas ("LPG") to Mexico's state-owned petroleum company for a cash payment of approximately \$9.0 million. These LPG assets complement our existing LPG storage facilities in Brownsville, Texas. The accompanying consolidated financial statements include the assets, liabilities and results of operations of the Mexican LPG operations from December 31, 2007.

The adjusted purchase price was allocated to the assets and liabilities acquired based upon the estimated fair value of the assets and liabilities as of the acquisition date. The adjusted purchase price was allocated as follows (in thousands):

	Mexican LPG operations
Cash	\$ 15
Trade accounts receivable	61
Other current assets	75
Property, plant and equipment	8,892
Goodwill	1,502
Other assets	101
Trade accounts payable	(266)
Other accrued liabilities	(904)
Due to Rio Vista	(500)
Cash paid	<u>\$ 8,976</u>

Southeast Terminals. Effective December 31, 2007, we acquired from TransMontaigne Inc. twenty-two refined product terminals along the Colonial and Plantation pipelines with approximately 9.1 million barrels of aggregate active storage capacity for a cash payment of approximately \$118.6 million. The Southeast terminals provide integrated terminaling services principally to Morgan Stanley Capital Group and the United States government. The acquisition of the Southeast terminals from TransMontaigne Inc. has been recorded at carryover basis in a manner similar to a reorganization of entities under common control. As such, prior periods include the assets, liabilities, and results of operations of the Southeast terminals from September 1, 2006, the date of acquisition by Morgan Stanley Capital Group of TransMontaigne Inc. The results of operations of the Southeast terminals for periods prior to its actual sale to us have been allocated to TransMontaigne Inc. ("Predecessor"). The difference between the consideration we paid to TransMontaigne Inc. of approximately \$118.6 million

Notes to Consolidated Financial Statements (Continued)**Years ended December 31, 2009, 2008 and 2007****(3) ACQUISITIONS (Continued)**

and the carryover basis of the net assets purchased of approximately \$168.0 million, has been reflected in the accompanying consolidated balance sheet and changes in partners' equity as an increase to the general partner interest.

As a condition to our acquisition of the Southeast terminals, we agreed to assume all responsibilities, duties and obligations to complete the construction of and place into service certain projects to repair, maintain or expand the Southeast terminals that had been commenced by TransMontaigne Inc. but were not completed as of the date of closing. As a result, we recognized a liability of approximately \$4.9 million as our estimate of the costs to complete and place into service certain projects to repair, maintain or expand the Southeast terminals (see Note 9 of Notes to consolidated financial statements).

Our basis in the assets and liabilities of the Southeast terminals are as follows (in thousands):

	December 31, 2007	December 31, 2006	September 1, 2006
Cash	\$ 5	\$ 5	\$ 5
Trade accounts receivable	—	2,865	2,277
Prepaid expenses and other	973	881	762
Property, plant and equipment	172,526	166,540	167,931
Other assets, net	33	33	33
Trade accounts payable	—	(2,585)	(2,197)
Due to TransMontaigne Inc.	(221)	—	—
Other accrued liabilities	(5,269)	(273)	(373)
Predecessor equity	<u>\$ 168,047</u>	<u>\$ 167,466</u>	<u>\$ 168,438</u>

(4) CONCENTRATION OF CREDIT RISK AND TRADE ACCOUNTS RECEIVABLE

Our primary market areas are located in the United States along the Gulf Coast, in the Southeast, in Brownsville, Texas, along the Mississippi and Ohio rivers, and in the Midwest. We have a concentration of trade receivable balances due from companies engaged in the trading, distribution and marketing of refined products and crude oil, and the United States government. These concentrations of customers may affect our overall credit risk in that the customers may be similarly affected by changes in economic, regulatory or other factors. Our customers' historical financial and operating information is analyzed prior to extending credit. We manage our exposure to credit risk through credit analysis, credit approvals, credit limits and monitoring procedures, and for certain transactions we may request letters of credit, prepayments or guarantees. We maintain allowances for potentially uncollectible accounts receivable.

Trade accounts receivable, net consists of the following (in thousands):

	December 31, 2009	December 31, 2008
Trade accounts receivable	\$ 6,711	\$ 7,133
Less allowance for doubtful accounts	(394)	(439)
	<u>\$ 6,317</u>	<u>\$ 6,694</u>

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(4) CONCENTRATION OF CREDIT RISK AND TRADE ACCOUNTS RECEIVABLE (Continued)

The following table presents a rollforward of our allowance for doubtful accounts (in thousands):

	Balance at beginning of period	Charged to expenses	Deductions	Balance at end of period
2009	\$ 439	\$ —	\$ (45)	\$ 394
2008	\$ 150	\$ 494	\$ (205)	\$ 439
2007	\$ 75	\$ 83	\$ (8)	\$ 150

The following customers accounted for at least 10% of our consolidated revenue in at least one of the periods presented in the accompanying consolidated statements of operations:

	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Morgan Stanley Capital Group	58%	57%	24%
TransMontaigne Inc.	7%	7%	35%
Valero Supply and Marketing Company	9%	10%	10%

(5) OTHER CURRENT ASSETS

Other current assets are as follows (in thousands):

	December 31, 2009	December 31, 2008
Amounts due from insurance companies	\$ 4,375	\$ 6,250
Additive detergent	1,743	1,640
Deposits and other assets	1,588	980
	<u>\$ 7,706</u>	<u>\$ 8,870</u>

Amounts due from insurance companies. We periodically file claims for recovery of environmental remediation costs with our insurance carriers under our comprehensive liability policies. We recognize our insurance recoveries in the period that we assess the likelihood of recovery as being probable (i.e., likely to occur). At December 31, 2009 and December 31, 2008, we have recognized amounts due from insurance companies of approximately \$4.4 million and \$6.3 million, respectively, representing our best estimate of our probable insurance recoveries. During the year ended December 31, 2009, we received reimbursements from insurance companies of approximately \$3.6 million. During the year ended December 31, 2009, we increased our estimate of insurance recoveries approximately \$1.7 million as we assessed the likelihood of recovery was probable related to certain increases in our estimate of environmental remediation obligations (see Note 9 of Notes to consolidated financial statements).

Notes to Consolidated Financial Statements (Continued)**Years ended December 31, 2009, 2008 and 2007****(6) PROPERTY, PLANT AND EQUIPMENT, NET**

Property, plant and equipment, net is as follows (in thousands):

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Land	\$ 52,360	\$ 52,196
Terminals, pipelines and equipment	505,055	445,875
Furniture, fixtures and equipment	1,556	1,349
Construction in progress	12,278	33,979
	<u>571,249</u>	<u>533,399</u>
Less accumulated depreciation	(111,651)	(85,646)
	<u>\$ 459,598</u>	<u>\$ 447,753</u>

(7) GOODWILL

Goodwill is as follows (in thousands):

	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u>
Brownsville terminal	\$ 14,770	\$ 14,770
River terminals	8,465	8,465
Mexican LPG operations (includes approximately \$55 and \$70, respectively, of foreign currency translation adjustments)	1,447	1,432
	<u>\$ 24,682</u>	<u>\$ 24,667</u>

The acquisition of the Brownsville and River terminals from TransMontaigne Inc. has been recorded at TransMontaigne Inc.'s carryover basis in a manner similar to a reorganization of entities under common control. TransMontaigne Inc.'s carryover basis in the Brownsville and River terminals is derived from the application of pushdown accounting associated with Morgan Stanley Capital Group's acquisition of TransMontaigne Inc. on September 1, 2006. Goodwill represents the excess of Morgan Stanley Capital Group's aggregate purchase price over the fair value of the identifiable assets acquired attributable to the Brownsville and River terminals.

The adjusted purchase price for the acquisition of the Mexican LPG operations from Rio Vista Energy Partners L.P. was allocated to the identifiable assets and liabilities acquired based upon the estimated fair value of the assets and liabilities as of the acquisition date (see Note 3 of Notes to consolidated financial statements). Goodwill of approximately \$1.5 million represents the excess of our adjusted purchase price over the fair value of the identifiable assets acquired attributable to the Mexican LPG operations.

Goodwill is required to be tested for impairment annually unless events or changes in circumstances indicate it is more likely than not that an impairment loss has been incurred at an interim date. Our annual test for the impairment of goodwill is performed as of December 31. The impairment test is performed at the reporting unit level. Our reporting units are our operating segments (see Note 17 of Notes to consolidated financial statements). If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to be impaired.

Notes to Consolidated Financial Statements (Continued)**Years ended December 31, 2009, 2008 and 2007****(7) GOODWILL (Continued)**

Management exercises judgment in determining the estimated fair values of the Partnership's reporting units. At December 31, 2009, we estimated the fair value of our reporting units using a discounted cash flow technique. We believe that our estimates of the future cash flows and related assumptions would be consistent with those used by market participants (that is, potential buyers of the reporting unit) at December 31, 2009. The cash flows represented our best estimate of the future revenues, expenses and capital expenditures to maintain the facilities associated with each of our reporting units. The cash flows did not anticipate future expenditures to expand the facilities beyond the expenditures necessary to complete expansion projects approved prior to December 31, 2009. The cash flows attributed to our reporting units included only a portion of our historical general and administrative expenses under the assumption that market participants would only include limited amounts of general and administrative expenses in their estimates of future cash flows because market participants would likely have pre-existing management and back office capabilities (that is, a market participant synergy). We discounted the cash flows at our weighted average cost of capital of 8.5%, which was based on the December 31, 2009 closing price of our common units of \$27.53 and a 6.5% cost of debt.

At December 31, 2009, the fair value of our reporting units with goodwill exceeded their carrying amount. Accordingly, we did not recognize any goodwill impairment charges during the year ended December 31, 2009. A significant decline in the price of our common units with a resulting increase in our weighted average cost of capital, the loss of a significant customer, or an unforeseen increase in the costs to operate and maintain our terminals and pipelines, may result in the recognition of an impairment charge in the future.

(8) OTHER ASSETS, NET

Other assets, net are as follows (in thousands):

	December 31, 2009	December 31, 2008
Amounts due under long-term terminaling services agreements:		
External customers	\$ 1,021	\$ 902
Morgan Stanley Capital Group	3,433	2,020
	4,454	2,922
Deferred financing costs, net of accumulated amortization of \$2,434 and \$1,836, respectively	1,196	1,794
Customer relationships, net of accumulated amortization of \$1,028 and \$719, respectively	2,671	2,980
Deposits and other assets	195	162
	<u>\$ 8,516</u>	<u>\$ 7,858</u>

Amounts due under long-term terminaling services agreements. We have long-term terminaling services agreements with certain of our customers that provide for minimum payments that increase over the terms of the respective agreements. We recognize as revenue the minimum payments under the long-term terminaling services agreements on a straight-line basis over the term of the respective agreements. At December 31, 2009 and 2008, we have recognized revenue in excess of the minimum

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(8) OTHER ASSETS, NET (Continued)

payments that are due through those respective dates under the long-term terminaling services agreements resulting in a receivable of approximately \$4.5 million and \$2.9 million, respectively.

Deferred financing costs. Deferred financing costs are amortized using the effective interest method over the term of the related credit facility (see Note 11 of Notes to consolidated financial statements). During the year ended December 31, 2007, we repaid our \$75 million term loan outstanding under the senior secured credit facility, resulting in a charge to income of approximately \$0.8 million for the write off of the associated unamortized deferred financing costs related to the \$75 million term loan. During the year ended December 31, 2007, we incurred deferred financing costs of approximately \$1.0 million related to our July 2007 amendment and borrowings under the senior secured credit facility for the acquisition of the Southeast terminals.

Customer relationships. Our acquisitions from TransMontaigne Inc. have been recorded at TransMontaigne Inc.'s carryover basis in a manner similar to a reorganization of entities under common control. Other assets, net include the carryover basis of certain customer relationships at our Brownsville and River terminals. The carryover basis of the customer relationships is being amortized on a straight-line basis over twelve years. Expected amortization expense for the customer relationships as of December 31, 2009 is as follows (in thousands):

	Years ending December 31,					
	2010	2011	2012	2013	2014	Thereafter
Amortization expense	\$ 308	\$ 308	\$ 308	\$ 308	\$ 308	\$ 1,131

(9) ACCRUED LIABILITIES

Accrued liabilities are as follows (in thousands):

	December 31, 2009	December 31, 2008
Customer advances and deposits:		
External customers	\$ 942	\$ 1,164
Morgan Stanley Capital Group	5,924	5,581
	<u>6,866</u>	<u>6,745</u>
Accrued property taxes	539	480
Accrued environmental obligations	5,582	7,012
Interest payable	254	838
Due to Rio Vista	—	83
Obligations to repair, maintain or expand Southeast terminals	—	222
Rebate due to Morgan Stanley Capital Group	465	2,204
Unrealized loss on derivative instrument	2,690	2,128
Accrued expenses and other	2,839	2,102
	<u>\$ 19,235</u>	<u>\$ 21,814</u>

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(9) ACCRUED LIABILITIES (Continued)

Customer advances and deposits. We bill certain of our customers one month in advance for terminaling services to be provided in the following month. At December 31, 2009 and 2008, we have billed and collected from certain of our customers approximately \$6.9 million and \$6.7 million, respectively, in advance of the terminaling services being provided.

Accrued environmental obligations. At December 31, 2009 and 2008, we have accrued environmental obligations of approximately \$5.6 million and \$7.0 million, respectively, representing our best estimate of our remediation obligations. During the year ended December 31, 2009, we made payments of approximately \$4.2 million towards our environmental remediation obligations. During the year ended December 31, 2009, we increased our remediation obligations by approximately \$2.8 million to reflect a change in our estimate of our future environmental remediation costs. Changes in our estimates of our future environmental remediation obligations may occur as a result of the passage of time and the occurrence of future events.

Due to Rio Vista. Effective December 31, 2007, we acquired from Rio Vista certain Mexican LPG operations for a cash payment of approximately \$9.0 million. At December 31, 2009 and December 31, 2008, we have a liability of approximately \$nil and \$0.1 million, respectively, to Rio Vista pursuant to the purchase price holdback provision in the acquisition agreement. Subject to certain exceptions and limitations, Rio Vista is obligated to indemnify us for claims, expenses or liabilities of the Mexican LPG operations prior to the closing date.

Obligations to repair, maintain or expand Southeast terminals. As a condition to our acquisition of the Southeast terminals, we agreed to assume all responsibilities, duties and obligations to complete the construction of and place into service certain projects to repair, maintain or expand the Southeast terminals that had been commenced by TransMontaigne Inc. but were not completed as of the date of closing. At December 31, 2009 and 2008, we have recognized a liability of approximately \$nil and \$0.2 million, respectively, as our estimate of the costs to complete and place into service certain projects to repair, maintain or expand the Southeast terminals (see Note 3 of Notes to consolidated financial statements).

Rebate due to Morgan Stanley Capital Group. Pursuant to our terminaling services agreement related to the Southeast terminals, we agreed to rebate to Morgan Stanley Capital Group 50% of the proceeds we receive annually in excess of \$4.2 million from the sale of product gains at our Southeast terminals. At December 31, 2009 and 2008, we have accrued a liability due to Morgan Stanley Capital Group of approximately \$0.5 million and \$2.2 million, respectively. During the three months ended March 31, 2009, we paid Morgan Stanley Capital Group approximately \$2.2 million for the rebate due to Morgan Stanley Capital Group for the year ended December 31, 2008.

Unrealized loss on derivative instruments. Our derivative instruments are limited to interest rate swaps. We manage a portion of our interest rate risk with interest rate swaps, which reduce our cash exposure to changes in interest rates by converting variable interest rates to fixed interest rates. At December 31, 2009, we have an interest rate swap agreement with a notional amount of \$150.0 million that expires June 2011. Pursuant to the terms of the interest rate swap agreement, we pay a fixed rate of approximately 2.2% and receive an interest payment based on the one-month LIBOR. The net difference to be paid or received under the interest rate swap agreement is settled monthly and is recognized as an adjustment to interest expense. During the years ended December 31, 2009, 2008 and 2007, we recognized net payments to the counterparty in the amount of approximately \$2.6 million,

Notes to Consolidated Financial Statements (Continued)**Years ended December 31, 2009, 2008 and 2007****(9) ACCRUED LIABILITIES (Continued)**

\$0.1 million and \$nil, respectively, as an adjustment to interest expense. Our obligations under the interest rate swap agreement are secured by a first priority security interest in our assets, including cash, accounts receivable, inventory, general intangibles, investment property, contract rights and real property (see Note 11 of Notes to consolidated financial statements). At December 31, 2009 and 2008, the fair value of the interest rate swaps was approximately \$2.7 million and \$2.1 million, respectively.

(10) OTHER LIABILITIES

Other liabilities are as follows (in thousands):

	December 31, 2009	December 31, 2008
Deferred revenue—ethanol blending fees and other reimbursable projects	\$ 15,745	\$ 3,630
Advance payments received under long-term terminaling services agreements-Morgan Stanley Capital Group	1,255	1,189
	<u>\$ 17,000</u>	<u>\$ 4,819</u>

Deferred revenue-ethanol blending fees and other reimbursable projects. Pursuant to agreements with Morgan Stanley Capital Group, we agreed to undertake certain capital projects to provide renewable fuels blending functionality at certain of our Southeast terminals and other reimbursable projects. Upon completion of the projects, Morgan Stanley Capital Group has agreed to pay us amounts that will be recognized as revenue on a straight-line basis over the remaining term of the agreements. At December 31, 2009 and 2008, we have unamortized deferred revenue of approximately \$15.7 million and \$3.6 million, respectively, for completed projects. During the years ended December 31, 2009, 2008 and 2007, we billed Morgan Stanley Capital Group approximately \$14.6 million, \$3.6 million, and \$nil, respectively, for completed projects. During the years ended December 31, 2009, 2008 and 2007, we recognized revenue on a straight-line basis of approximately \$2.5 million, \$nil and \$nil, respectively, for completed projects.

Advance payments received under long-term terminaling services agreements-Morgan Stanley Capital Group. We have long-term terminaling services agreements with Morgan Stanley Capital Group that provide for minimum payments that decrease over the terms of the respective agreements. We recognize as revenue the minimum payments under the long-term terminaling services agreements on a straight-line basis over the term of the respective agreements. At December 31, 2009 and 2008, we have received minimum payments that are due through those respective dates in excess of revenue recognized under these long-term terminaling services agreements resulting in a liability of approximately \$1.3 million and \$1.2 million, respectively.

(11) LONG-TERM DEBT

Senior Secured Credit Facility. On December 22, 2006, we entered into a \$225 million amended and restated senior secured credit facility ("senior secured credit facility") with a consortium of lending institutions. Initially, the senior secured credit facility was composed of a \$75 million term loan facility and a \$150 million revolving credit facility. During the year ended December 31, 2007, we repaid the \$75 million term loan outstanding under the senior secured credit facility with a portion of the

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(11) LONG-TERM DEBT (Continued)

proceeds from our May 2007 secondary offering of common units (see Note 12 of Notes to consolidated financial statements). On July 12, 2007, we amended the senior secured credit facility to increase the maximum amount of the revolving credit line from \$150 million to \$200 million.

At December 31, 2009 and 2008, our outstanding borrowings under the senior secured credit facility were approximately \$165.0 million and \$165.5 million, respectively. At December 31, 2009 and 2008, our outstanding letters of credit were approximately \$nil and \$42,000, respectively. At December 31, 2009, the senior secured credit facility provides for a maximum borrowing line of credit equal to the lesser of (i) \$200 million and (ii) four times Consolidated EBITDA (as defined: \$241.6 million at December 31, 2009). In addition, at our request, the revolving loan commitment can be increased up to an additional \$100 million, in the aggregate, without the approval of the lenders, but subject to the approval of the administrative agent and the receipt of additional commitments from one or more lenders. We may elect to have loans under the senior secured credit facility bear interest either (i) at a rate of LIBOR plus a margin ranging from 1.5% to 2.5% depending on the total leverage ratio then in effect, or (ii) at a base rate (the greater of (a) the federal funds rate plus 0.5% or (b) the prime rate) plus a margin ranging from 0.5% to 1.5% depending on the total leverage ratio then in effect. We also pay a commitment fee ranging from 0.3% to 0.5% per annum, depending on the total leverage ratio then in effect, on the total amount of unused commitments. For the years ended December 31, 2009, 2008 and 2007, the weighted average interest rate on borrowings under our senior secured credit facility was approximately 3.6%, 4.6% and 7.3%, respectively. Our obligations under the senior secured credit facility are secured by a first priority security interest in favor of the lenders in our assets, including cash, accounts receivable, inventory, general intangibles, investment property, contract rights and real property. The terms of the senior secured credit facility include covenants that restrict our ability to make cash distributions and acquisitions. The principal balance of loans and any accrued and unpaid interest will be due and payable in full on the maturity date, December 22, 2011.

The senior secured credit facility also contains customary representations and warranties (including those relating to organization and authorization, compliance with laws, absence of defaults, material agreements and litigation) and customary events of default (including those relating to monetary defaults, covenant defaults, cross defaults and bankruptcy events). The primary financial covenants contained in the senior secured credit facility are (i) a total leverage ratio test (not to exceed 4.5 times), (ii) a senior secured leverage ratio test (not to exceed 4.0 times), and (iii) a minimum interest coverage ratio test (not less than 2.75 times). We were in compliance with all of the covenants under our senior secured credit facility as of December 31, 2009.

Notes to Consolidated Financial Statements (Continued)**Years ended December 31, 2009, 2008 and 2007****(12) PARTNERS' EQUITY**

The number of units outstanding is as follows:

	<u>Common units</u>	<u>Subordinated units</u>	<u>General partner units</u>
Units outstanding at December 31, 2006	3,972,500	3,322,266	148,873
Secondary public offering of common units	5,149,800	—	—
TransMontaigne GP to maintain its 2% general partner interest	—	—	105,098
Units outstanding at December 31, 2007	9,122,300	3,322,266	253,971
Conversion of subordinated units to common units	830,567	(830,567)	—
Units outstanding at December 31, 2008	9,952,867	2,491,699	253,971
Conversion of subordinated units to common units	2,491,699	(2,491,699)	—
Units outstanding at December 31, 2009	12,444,566	—	253,971

At December 31, 2009 and 2008, common units outstanding include approximately 9,200 and 5,300 common units, respectively, held on behalf of TransMontaigne Services Inc.'s long-term incentive plan.

Prior to the expiration of the subordination period or the earlier conversion of the subordinated units following satisfaction of the financial tests set forth in the partnership agreement, the common units were entitled to receive distributions from operating surplus of \$0.40 per unit per quarter, which we refer to as the minimum quarterly distribution, or \$1.60 per unit per year, plus any arrearages in the payment of the minimum quarterly distribution from prior quarters, before any such distributions are paid on our subordinated units. On November 13, 2008, May 7, 2009 and November 13, 2009, approximately 0.8 million, 0.8 million and 1.7 million subordinated units, respectively, converted into an equal number of common units.

On May 23, 2007, we issued, pursuant to an underwritten public offering, 4.8 million common units representing limited partner interests at a public offering price of \$36.80 per common unit. On June 20, 2007, the underwriters of our secondary offering exercised a portion of their over-allotment option to purchase an additional 349,800 common units representing limited partnership interests at a price of \$36.80 per common unit. The net proceeds from the offering were approximately \$179.9 million, after deducting underwriting discounts, commissions, and offering expenses of approximately \$9.6 million. Additionally, TransMontaigne GP L.L.C., our general partner, made a cash contribution of approximately \$3.9 million to us to maintain its 2% general partner interest.

On January 15, 2010, we issued, pursuant to an underwritten public offering, 1,750,000 common units representing limited partner interests at a public offering price of \$26.60 per common unit. On January 15, 2010, the underwriters of our secondary offering exercised in full their over-allotment option to purchase an additional 262,500 common units representing limited partnership interests at a price of \$26.60 per common unit. The net proceeds from the offering were approximately \$51.1 million, after deducting underwriting discounts, commissions, and offering expenses of approximately \$0.2 million. Additionally, TransMontaigne GP L.L.C., our general partner, made a cash contribution of approximately \$1.1 million to us to maintain its 2% general partner interest.

Notes to Consolidated Financial Statements (Continued)**Years ended December 31, 2009, 2008 and 2007****(13) LONG-TERM INCENTIVE PLAN**

TransMontaigne GP is our general partner and manages our operations and activities. TransMontaigne GP is an indirect wholly owned subsidiary of TransMontaigne Inc. TransMontaigne Services Inc. is an indirect wholly owned subsidiary of TransMontaigne Inc. TransMontaigne Services Inc. employs the personnel who provide support to TransMontaigne Inc.'s operations, as well as our operations. TransMontaigne Services Inc. adopted a long-term incentive plan for its employees and consultants and independent directors of our general partner. The long-term incentive plan currently permits the grant of awards covering an aggregate of 989,572 units, which amount will automatically increase on an annual basis by 2% of the total outstanding common and subordinated units, if any, at the end of the preceding fiscal year. At December 31, 2009, 765,632 units are available for future grant under the long-term incentive plan. Ownership in the awards is subject to forfeiture until the vesting date, but recipients have distribution and voting rights from the date of grant. Pursuant to the terms of the long-term incentive plan, all restricted phantom units and restricted common units vest upon a change in control of TransMontaigne Inc. The long-term incentive plan is administered by the compensation committee of the board of directors of our general partner. On May 7, 2007, we announced a program for the repurchase of outstanding common units for purposes of making subsequent grants of restricted phantom units to independent directors of our general partner. TransMontaigne GP, on behalf of the long-term incentive plan, anticipates repurchasing annually up to 10,000 common units for this purpose. TransMontaigne GP, on behalf of the long-term incentive plan, has repurchased 6,885, 4,180 and 1,680 common units pursuant to the program during the years ended December 31, 2009, 2008 and 2007, respectively.

Information about restricted phantom unit activity is as follows:

	<u>Available for future grant</u>	<u>Restricted phantom units</u>	<u>Grant date price</u>
Units outstanding at December 31, 2006	187,955	—	
Automatic increase in units available for future grant on January 1, 2007	145,895	—	
Grant on March 31, 2007	(10,000)	10,000	\$ 35.50
Units outstanding at December 31, 2007	323,850	10,000	
Automatic increase in units available for future grant on January 1, 2008	248,891	—	
Vesting on March 17, 2008	—	(6,000)	
Grant on March 31, 2008	(6,000)	6,000	\$ 28.36
Vesting on March 31, 2008	—	(1,000)	
Grant on July 18, 2008	(2,000)	2,000	\$ 23.05
Units outstanding at December 31, 2008	564,741	11,000	
Automatic increase in units available for future grant on January 1, 2009	248,891	—	
Grant on March 31, 2009	(8,000)	8,000	\$ 16.77
Vesting on March 31, 2009	—	(3,000)	
Grant on August 10, 2009	(40,000)	40,000	\$ 24.90
Units outstanding at December 31, 2009	<u>765,632</u>	<u>56,000</u>	

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(13) LONG-TERM INCENTIVE PLAN (Continued)

On March 17, 2008, we accelerated the vesting of 6,000 restricted phantom units held by Donald H. Anderson, D. Dale Shaffer and Rex L. Utsler in exchange for their resignation as members of the board of directors of our general partner and then repurchased those units for cash. The aggregate consideration paid to the former directors of approximately \$163,000 is included in direct general and administrative expenses for the three months ended March 31, 2008.

Effective August 10, 2009, Charles L. Dunlap was appointed to serve as Chief Executive Officer ("CEO") of our general partner and President and CEO of TransMontaigne Inc. In connection with his appointments, on August 10, 2009, TransMontaigne Services Inc. granted Mr. Dunlap 40,000 restricted phantom units under the long-term incentive plan. In accordance with the long-term incentive plan, because Mr. Dunlap continues to provide services to our general partner as an employee, the restricted phantom units previously granted to Mr. Dunlap for his services as an independent member of the board of directors of our general partner remain in effect and continue to vest in accordance with the four-year vesting schedule for our independent directors. On March 31, 2009, TransMontaigne Services Inc. granted 8,000 restricted phantom units to the independent directors of our general partner. On July 18, 2008, TransMontaigne Services Inc. granted 2,000 restricted phantom units to an independent director of our general partner. On March 31, 2008, TransMontaigne Services Inc. granted 6,000 restricted phantom units to the independent directors of our general partner. On March 31, 2007, TransMontaigne Services Inc. granted 10,000 restricted phantom units to the independent directors of our general partner. Over their respective four-year vesting periods, we will amortize deferred equity-based compensation of approximately \$1.0 million, \$0.1 million, \$46,000, \$0.2 million and \$0.4 million associated with the August 2009, March 2009, July 2008, March 2008 and March 2007 grants, respectively.

Amortization of deferred equity-based compensation, including the effects of the acceleration of vesting of all restricted phantom units, of approximately \$213,000, \$35,000 and \$66,000 is included in direct general and administrative expenses for the years ended December 31, 2009, 2008 and 2007, respectively.

(14) COMMITMENTS AND CONTINGENCIES

Contract Commitments. At December 31, 2009, we have contractual commitments of approximately \$5.5 million for the supply of services, labor and materials related to capital projects that currently are under development. We expect that these contractual commitments will be paid during the year ended December 31, 2010.

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(14) COMMITMENTS AND CONTINGENCIES (Continued)

Operating Leases. We lease property and equipment under non-cancelable operating leases that extend through August 2030. At December 31, 2009, future minimum lease payments under these non-cancelable operating leases are as follows (in thousands):

<u>Years ending December 31:</u>	<u>Property and equipment</u>
2010	\$ 1,509
2011	1,433
2012	812
2013	717
2014	621
Thereafter	5,804
	<u>\$ 10,896</u>

Rental expense under operating leases was approximately \$1.6 million, \$1.5 million and \$1.0 million for the years ended December 31, 2009, 2008 and 2007, respectively.

(15) NET EARNINGS PER LIMITED PARTNER UNIT

The following table reconciles net earnings to earnings allocable to limited partners (in thousands):

	<u>Year ended December 31, 2009</u>	<u>Year ended December 31, 2008</u>	<u>Year ended December 31, 2007</u>
Net earnings	\$ 27,252	\$ 25,598	\$ 25,142
Less:			
Net earnings attributable to predecessor	—	—	(10,044)
Distributions payable on behalf of incentive distribution rights	(1,944)	(1,751)	(463)
Distributions payable on behalf of general partner interest	(624)	(592)	(456)
Distributions payable to the general partner interest in excess of earnings allocable to the general partner interest	117	117	162
Earnings allocable to general partner interest including incentive distribution rights	<u>(2,451)</u>	<u>(2,226)</u>	<u>(757)</u>
Net earnings allocable to limited partners	<u>\$ 24,801</u>	<u>\$ 23,372</u>	<u>\$ 14,341</u>

Earnings allocated to the general partner interest include amounts attributable to the incentive distribution rights. Pursuant to our partnership agreement we are required to distribute available cash (as defined by our partnership agreement) as of the end of the reporting period. Such distributions are declared within 45 days after period end. The net earnings allocated to the general partner interest in the consolidated statements of partners' equity and comprehensive income reflects the earnings allocation included in the table above.

Notes to Consolidated Financial Statements (Continued)**Years ended December 31, 2009, 2008 and 2007****(15) NET EARNINGS PER LIMITED PARTNER UNIT (Continued)**

The following table sets forth the distribution declared per common unit attributable to the periods indicated:

	<u>Distribution</u>
January 1, 2007 through March 31, 2007	\$ 0.47
April 1, 2007 through June 30, 2007	\$ 0.50
July 1, 2007 through September 30, 2007	\$ 0.50
October 1, 2007 through December 31, 2007	\$ 0.52
January 1, 2008 through March 31, 2008	\$ 0.57
April 1, 2008 through June 30, 2008	\$ 0.58
July 1, 2008 through September 30, 2008	\$ 0.59
October 1, 2008 through December 31, 2008	\$ 0.59
January 1, 2009 through March 31, 2009	\$ 0.59
April 1, 2009 through June 30, 2009	\$ 0.59
July 1, 2009 through September 30, 2009	\$ 0.59
October 1, 2009 through December 31, 2009	\$ 0.59

The following table reconciles the computation of basic and diluted weighted average units (in thousands):

	<u>Year ended December 31, 2009</u>	<u>Year ended December 31, 2008</u>	<u>Year ended December 31, 2007</u>
Basic weighted average units	12,438	12,442	10,400
Dilutive effect of restricted phantom units	3	—	1
Diluted weighted average units	<u>12,441</u>	<u>12,442</u>	<u>10,401</u>

For the year ended December 31, 2009, we included the dilutive effect of approximately 8,000, 1,500, 4,500, and 2,000 restricted phantom units granted March 31, 2009, July 18, 2008, March 31, 2008 and March 31, 2007, respectively, in the computation of diluted earnings per limited partner unit because the average closing market price of our common units exceeded the related unamortized deferred compensation per unvested restricted phantom units. For the year ended December 31, 2008, we included the dilutive effect of 2,000 and 6,000 restricted phantom units granted July 18, 2008 and March 31, 2008, respectively, in the computation of diluted earnings per limited partner unit because the average closing market price of our common units for the period exceeded the related unamortized deferred compensation per unvested restricted phantom units. For the year ended December 31, 2007, we included the dilutive effect of 10,000 restricted phantom units in the computation of diluted earnings per limited partner unit because the average closing market price of our common units for the period exceeded the related unamortized deferred compensation per unvested restricted phantom units.

We exclude potentially dilutive securities from our computation of diluted earnings per limited partner unit when their effect would be anti-dilutive. For the year ended December 31, 2009, we excluded the dilutive effect of 40,000 restricted phantom units granted August 10, 2009 in the computation of diluted earnings per limited partner unit because the related unamortized deferred compensation per unvested restricted phantom units exceeded the average closing market price of our common units for the period. For the year ended December 31, 2008, we excluded the dilutive effect of

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(15) NET EARNINGS PER LIMITED PARTNER UNIT (Continued)

3,000 restricted phantom units granted March 31, 2007 in the computation of diluted earnings per limited partner unit because the related unamortized deferred compensation per unvested restricted phantom units exceeded the average closing market price of our common units for the period.

(16) DISCLOSURES ABOUT FAIR VALUE

Statement of Financial Accounting Standards No. 157, "Fair Value Measurements," or FASB ASC 820, "Fair Value Measurements and Disclosures," defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are: (1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; (2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and (3) Level 3 inputs are unobservable inputs for the asset or liability.

The fair values of the following financial instruments represent our best estimate of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Our fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects our judgments about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The following methods and assumptions were used to estimate the fair value of financial instruments at December 31, 2009 and 2008.

Cash and Cash Equivalents, Trade Receivables and Trade Accounts Payable. The carrying amount approximates fair value because of the short-term maturity of these instruments.

Derivative instruments. The fair value of our interest rate swap is determined using a pricing model based on the LIBOR swap rate and other observable market data. The fair value was determined after considering the potential impact of collateralization, adjusted to reflect nonperformance risk of both Wachovia Bank N.A., the counterparty, and us. Our fair value measurement of our interest rate swap utilizes Level 2 inputs.

Debt. The carrying amount of the senior secured credit facility approximates fair value since borrowings under the senior secured credit facility bear interest at current market interest rates.

(17) BUSINESS SEGMENTS

We provide integrated terminaling, storage, transportation and related services to companies engaged in the trading, distribution and marketing of refined petroleum products, crude oil, chemicals, fertilizers and other liquid products. Our chief operating decision maker is our general partner's CEO. Our general partner's CEO reviews the financial performance of our business segments using disaggregated financial information about "net margins" for purposes of making operating decisions and assessing financial performance. "Net margins" is composed of revenue less direct operating costs and expenses. Accordingly, we present "net margins" for each of our business segments: (i) Gulf Coast terminals, (ii) Midwest terminals and pipeline system, (iii) Brownsville terminals (iv) River terminals and (v) Southeast terminals.

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(17) BUSINESS SEGMENTS (Continued)

The financial performance of our business segments is as follows (in thousands):

	Year ended December 31, 2009	Year ended December 31, 2008	Year ended December 31, 2007
Gulf Coast Terminals:			
Terminaling services fees, net	\$ 43,798	\$ 39,750	\$ 38,555
Other	8,325	9,565	6,114
Revenue	52,123	49,315	44,669
Direct operating costs and expenses	(20,986)	(21,774)	(18,711)
Net margins	31,137	27,541	25,958
Midwest Terminals and Pipeline System:			
Terminaling services fees, net	3,640	3,466	2,976
Pipeline transportation fees	1,981	1,130	1,996
Other	1,090	880	825
Revenue	6,711	5,476	5,797
Direct operating costs and expenses	(2,428)	(1,500)	(2,519)
Net margins	4,283	3,976	3,278
Brownsville Terminals:			
Terminaling services fees, net	14,755	13,103	11,799
Pipeline transportation fees	2,394	2,890	—
Other	5,109	4,700	3,873
Revenue	22,258	20,693	15,672
Direct operating costs and expenses	(11,916)	(11,510)	(9,039)
Net margins	10,342	9,183	6,633
River Terminals:			
Terminaling services fees, net	16,864	18,868	18,942
Other	531	738	569
Revenue	17,395	19,606	19,511
Direct operating costs and expenses	(8,912)	(7,858)	(6,716)
Net margins	8,483	11,748	12,795
Southeast Terminals:			
Terminaling services fees, net	38,967	36,126	37,634
Other	5,093	6,924	8,368
Revenue	44,060	43,050	46,002
Direct operating costs and expenses	(20,726)	(19,208)	(23,701)
Net margins	23,334	23,842	22,301
Total net margins	77,579	76,290	70,965
Direct general and administrative expenses	(3,242)	(4,138)	(2,991)
Allocated general and administrative expenses	(10,040)	(10,030)	(9,901)
Allocated insurance expense	(2,900)	(2,835)	(2,837)
Reimbursement of bonus awards	(1,237)	(1,500)	(1,125)
Depreciation and amortization	(26,306)	(23,316)	(21,432)

	1	2	—
Gain on disposition of assets	33,855	34,473	32,679
Operating income	(6,603)	(8,875)	(7,537)
Other expense, net	<u>\$ 27,252</u>	<u>\$ 25,598</u>	<u>\$ 25,142</u>
Net earnings			

Notes to Consolidated Financial Statements (Continued)

Years ended December 31, 2009, 2008 and 2007

(17) BUSINESS SEGMENTS (Continued)

Supplemental information about our business segments is summarized below (in thousands):

	Year ended December 31, 2009					
	Midwest Terminals and					Total
	Gulf Coast Terminals	Pipeline System	Brownsville Terminals	River Terminals	Southeast Terminals	
Revenue:						
External customers	\$ 11,373	\$ 1,653	\$ 16,930	\$ 16,232	\$ 3,509	\$ 49,697
Morgan Stanley Capital Group	36,333	5,058	432	829	40,551	83,203
TransMontaigne Inc.	4,417	—	4,896	334	—	9,647
Revenue	\$ 52,123	\$ 6,711	\$ 22,258	\$ 17,395	\$ 44,060	\$ 142,547
Identifiable assets	\$ 147,660	\$ 11,062	\$ 77,740	\$ 66,536	\$ 180,339	\$ 483,337
Capital expenditures	\$ 18,300	\$ 255	\$ 7,129	\$ 1,688	\$ 10,341	\$ 37,713

	Year ended December 31, 2008					
	Midwest Terminals and					Total
	Gulf Coast Terminals	Pipeline System	Brownsville Terminals	River Terminals	Southeast Terminals	
Revenue:						
External customers	\$ 12,276	\$ 1,863	\$ 14,143	\$ 18,955	\$ 3,468	\$ 50,705
Morgan Stanley Capital Group	32,899	3,602	1,694	388	39,582	78,165
TransMontaigne Inc.	4,140	11	4,856	263	—	9,270
Revenue	\$ 49,315	\$ 5,476	\$ 20,693	\$ 19,606	\$ 43,050	\$ 138,140
Identifiable assets	\$ 135,925	\$ 11,708	\$ 74,701	\$ 65,226	\$ 181,615	\$ 469,175
Capital expenditures	\$ 25,355	\$ 2,370	\$ 14,800	\$ 1,591	\$ 9,263	\$ 53,379

	Year ended December 31, 2007					
	Midwest Terminals and					Total
	Gulf Coast Terminals	Pipeline System	Brownsville Terminals	River Terminals	Southeast Terminals	
Revenue:						
External customers	\$ 13,024	\$ 1,075	\$ 11,190	\$ 19,549	\$ 9,873	\$ 54,711
Morgan Stanley Capital Group	17,658	2,359	2,113	13	8,842	30,985
TransMontaigne Inc.	13,987	2,363	2,369	(51)	27,287	45,955
Revenue	\$ 44,669	\$ 5,797	\$ 15,672	\$ 19,511	\$ 46,002	\$ 131,651
Identifiable assets	\$ 117,651	\$ 10,103	\$ 62,197	\$ 66,960	\$ 173,532	\$ 430,443

Capital expenditures	\$ 7,108	\$ 112	\$ 5,517	\$ 1,152	\$ 14,101	\$ 27,990
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Notes to Consolidated Financial Statements (Continued)**Years ended December 31, 2009, 2008 and 2007****(18) FINANCIAL RESULTS BY QUARTER (UNAUDITED)**

	<u>Three months ended</u>				<u>Year ended</u>
	<u>March 31,</u> <u>2009</u>	<u>June 30,</u> <u>2009</u>	<u>September 30,</u> <u>2009</u>	<u>December 31,</u> <u>2009</u>	<u>December 31,</u> <u>2009</u>
	(in thousands)				
Revenue	\$ 34,402	\$ 35,849	\$ 35,370	\$ 36,926	\$ 142,547
Net earnings	\$ 6,422	\$ 7,909	\$ 5,699	\$ 7,222	\$ 27,252

	<u>Three months ended</u>				<u>Year ended</u>
	<u>March 31,</u> <u>2008</u>	<u>June 30,</u> <u>2008</u>	<u>September 30,</u> <u>2008</u>	<u>December 31,</u> <u>2008</u>	<u>December 31,</u> <u>2008</u>
	(in thousands)				
Revenue	\$ 33,824	\$ 35,092	\$ 35,204	\$ 34,020	\$ 138,140
Net earnings	\$ 6,202	\$ 7,625	\$ 6,964	\$ 4,807	\$ 25,598

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There were no changes in or disagreements with accountants on accounting and financial disclosures during the year ended December 31, 2009.

ITEM 9A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified by the Commission's rules and forms, and that information is accumulated and communicated to the management of our general partner, including our general partner's principal executive and principal financial officer (whom we refer to as the Certifying Officers), as appropriate to allow timely decisions regarding required disclosure. The management of our general partner evaluated, with the participation of the Certifying Officers, the effectiveness of our disclosure controls and procedures as of December 31, 2009, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, the Certifying Officers concluded that, as of December 31, 2009, our disclosure controls and procedures were effective. In addition, our Certifying Officers concluded that there were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

The management of our general partner is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process. Therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

The management of our general partner has used the framework set forth in the report entitled "Internal Control—Integrated Framework" published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to evaluate the effectiveness of our internal control over financial reporting. Based on that evaluation, the management of our general partner has concluded that our internal control over financial reporting was effective as of December 31, 2009. The effectiveness of our internal control over financial reporting as of December 31, 2009 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which appears herein.

March 8, 2010

Report of Independent Registered Public Accounting Firm

The Board of Directors and Member
TransMontaigne GP L.L.C.:

We have audited TransMontaigne Partners L.P. and subsidiaries' (the Partnership) internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). TransMontaigne GP L.L.C.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's report on internal control over financial reporting appearing under Item 9A. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, TransMontaigne Partners L.P. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of TransMontaigne Partners L.P. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations, partners' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2009, and our report dated March 8, 2010 expressed an unqualified opinion on those consolidated financial statements.

KPMG LLP

Denver, Colorado
March 8, 2010

ITEM 9B. OTHER INFORMATION

No information was required to be disclosed in a report on Form 8-K, but not so reported, for the quarter ended December 31, 2009.

Part III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS OF OUR GENERAL PARTNER AND CORPORATE GOVERNANCE

MANAGEMENT OF TRANSMONTAIGNE PARTNERS

TransMontaigne GP L.L.C. is our general partner and manages our operations and activities on our behalf. TransMontaigne Services Inc. is an indirect wholly owned subsidiary of TransMontaigne Inc. and TransMontaigne Inc., through its wholly owned subsidiaries, controls our general partner. TransMontaigne Inc. is a wholly owned subsidiary of Morgan Stanley Capital Group. TransMontaigne Partners has no officers or employees and all of our management and operational activities are provided by officers and employees of TransMontaigne Services Inc. Our general partner is not elected by our unitholders and is not subject to re-election on a regular basis in the future. Unitholders are not entitled to elect directors to the board of directors of our general partner or directly or indirectly participate in our management or operation. Under the Corporate Governance Guidelines adopted by the board of directors of our general partner, the board assesses, on an annual basis, the skills and characteristics that candidates for election to the board of directors should possess, as well as the composition of the board of directors as a whole. This assessment includes the qualifications under applicable independence standards and other standards applicable to the board of directors and its committees, as well as consideration of skills and experience in the context of the needs of the board of directors as a whole. Our general partner has no formal policy regarding the diversity of board members, but seeks to ensure that its board of directors collectively have the personal qualities to be able to make an active contribution to the board of directors deliberations, which qualities may include relevant industry experience, financial management, reporting and control expertise and executive and operational management experience.

Board of Directors and Officers

The board of directors of our general partner oversees our operations. As part of its oversight function, the board of directors monitors how management operates the partnership, in part via its committee structure. When granting authority to management, approving strategies and receiving management reports, the board of directors considers, among other things, the risks and vulnerabilities we face. The audit committee of the board of directors considers risk issues associated with our overall accounting, financial reporting and disclosure process. Except for executive sessions held with unaffiliated directors, all members of the board of directors are invited to and generally attend the meetings of the audit committee. The conflicts committee of our general partner reviews specific matters that the board believes may involve conflicts of interests.

As of the date of this report, there are six members of the board of directors of our general partner, three of whom, Messrs. Kuchta, Masters and Peters, are independent as defined under the independence standards established by the New York Stock Exchange (the "NYSE") The NYSE does not require a listed limited partnership, like TransMontaigne Partners, to have a majority of independent directors on the board of directors of its general partner or to establish a compensation committee or a nominating or governance committee. The Governance Guidelines of our general partner provide that at least three directors will be independent and one additional director will not be employed by, serve as a director of or have a significant commercial relationship with, TransMontaigne, Inc. or its affiliates at the time of his or her election to the board of directors or while

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serving thereon. As of the date of this report, there is one vacancy on the board of directors to be filled by an unaffiliated or independent director.

The officers of our general partner manage the day-to-day affairs of our business. All of the officers listed below split their time between managing our business and affairs and the business and affairs of TransMontaigne Inc. The officers of our general partner may face a conflict regarding the allocation of their time between our business and the other business interests of TransMontaigne Inc. TransMontaigne Inc. intends to seek to cause the officers to devote as much time to the management of our operations as is necessary for the proper conduct of our business and affairs.

DIRECTORS AND EXECUTIVE OFFICERS

The following table shows information for the directors and reporting officers of TransMontaigne GP L.L.C. under Section 16 of the Securities Exchange Act of 1934:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Stephen R. Munger	52	Chairman of the Board
Charles L. Dunlap	66	Chief Executive Officer
Gregory J. Pound	57	President and Chief Operating Officer
Frederick W. Boutin	54	Executive Vice President, Chief Financial Officer and Treasurer
Erik B. Carlson	62	Executive Vice President, General Counsel and Secretary
Deborah A. Davis	36	Senior Vice President and Chief Accounting Officer
Henry M. Kuchta	53	Director
Jerry R. Masters	51	Director, Chairman of Audit and Compensation Committees
Randall P. O'Connor	50	Director
David A. Peters	51	Director, Chairman of Conflicts Committee
Goran Trapp	47	Director

Stephen R. Munger was appointed to serve as the Chairman of the Board of directors of our general partner, effective March 17, 2008. Mr. Munger was asked to join the board of directors, in part, based on his position at Morgan Stanley, his executive management experience and his experience in mergers and acquisitions. Mr. Munger has served as the Co-Chairman of the Mergers & Acquisitions Department of Morgan Stanley since 2003, having served as the operating Co-Head from 1999 through 2003. Mr. Munger has also served as Chairman of the Morgan Stanley Global Energy Group since 2004. Mr. Munger was named a Managing Director of Morgan Stanley in 1992, and joined Morgan Stanley in 1988, having previously worked in the Mergers & Acquisition Department of Merrill Lynch. Mr. Munger is a graduate of Dartmouth College and the Wharton School of Business.

Charles L. Dunlap has served as the Chief Executive Officer of our general partner since August 10, 2009 and served as a director of our general partner from July 8, 2008 to August 10, 2009. Mr. Dunlap has served as the President and Chief Executive Officer of TransMontaigne Inc. since August 10, 2009. Mr. Dunlap served as Chief Executive Officer and President of Pasadena Refining System, Inc. based in Houston, Texas from January 2005 to December 2008. Mr. Dunlap has also served as a director of Opti Canada, Inc. since June 2006, which is a public energy company based in Calgary, Canada. In addition, from May 2000 to February 2004, Mr. Dunlap served as one of the founding partners of Strategic Advisors, LLC, a management consulting firm based in Baltimore, Maryland. Prior to that time, Mr. Dunlap served in various senior management and executive positions at various oil and gas companies including Crown Central Petroleum Corporation, Pacific Resources, Inc., Arco Petroleum Products Company and Clark Oil & Refining Corporation.

Mr. Dunlap is a graduate of Rockhurst College and holds a Juris Doctor degree from Saint Louis University Law School and is a graduate of the Harvard Business School Advanced Management Program.

Gregory J. Pound has served as the President and Chief Operating Officer of our general partner since January 2008 and served as its Executive Vice President from May 2007 to December 2007. Mr. Pound has served as the Executive Vice President—Asset Operations of TransMontaigne Inc. since February 2002. Mr. Pound has also served as a director of Olco Petroleum Group Inc. since December 2006.

Frederick W. Boutin has served as an Executive Vice President and the Chief Financial Officer of our general partner since January 2008 and as its Treasurer since February 2005. Mr. Boutin served as the Senior Vice President of our general partner from February 2005 to December 2007. Mr. Boutin has served as the Executive Vice President of TransMontaigne Inc. since February 2008, as its Treasurer since June 2003 and served as its Senior Vice President from September 1996 to January 2008. From 1985 to 1995, Mr. Boutin served as a Vice President of Associated Natural Gas, Inc. and its successor, Duke Energy Field Services.

Erik B. Carlson has served as an Executive Vice President of our general partner since January 2008 and as its General Counsel and Secretary since February 2005. Mr. Carlson served as the Senior Vice President of our general partner from February 2005 to December 2007. Mr. Carlson has been the Executive Vice President of TransMontaigne Inc. since February 2008, as its General Counsel and Secretary since January 1998 and served as its Senior Vice President from January 1998 to January 2008. From February 1983 until January 1998, Mr. Carlson served as Senior Vice President, General Counsel and Corporate Secretary of Associated Natural Gas Corporation and its successor, Duke Energy Field Services.

Deborah A. Davis has served as Senior Vice President and Chief Accounting Officer of our general partner since January 2008. Ms. Davis has served as Senior Vice President—Administration of TransMontaigne Inc. since February 2008 and served as Vice President, Corporate Controller of TransMontaigne Inc. from November 2005 to January 2008. From July 2002 through October 2005, Ms. Davis held various accounting positions with TransMontaigne Inc., most recently as Executive Director, External Reporting. From September 1996 through June 2002, Ms. Davis held various positions in the audit department of KPMG LLP, departing as an Audit Manager.

Henry M. Kuchta was elected as a director of our general partner on January 7, 2010, and serves as a member of the audit and conflicts committees of the board of directors of our general partner. Mr. Kuchta was asked to join the board of directors, in part, based on his executive management experience in the energy industry and because he qualified as an independent director. Since September 2006, Mr. Kuchta has served as a Partner in NTR Partners, LLC and served as Director, President and Chief Operating Officer of NTR Acquisition Co. from September 2006 to January 2009. Mr. Kuchta served as President and Chief Operating Officer of Premcor Inc. from January 2003 through September 2005 and as Executive Vice President of Premcor Inc. from May 2002 to December 2002. Previously, Mr. Kuchta served as Business Development Manager for Phillips 66 Company from October 2001 to April 2002. Prior to that time, Mr. Kuchta served in various senior management and executive positions at Tosco Corporation from May 1993 to September 2001, as well as at Exxon Corporation from May 1980 to April 1992. Mr. Kuchta holds a Bachelor of Science degree in Chemical Engineering from Wayne State University.

Jerry R. Masters was elected as a director of our general partner on May 24, 2005, and serves as a member of the conflicts committee, and as chair of the audit and compensation committees, of the board of directors of our general partner. Mr. Masters was asked to join the board of directors, in part, based on his executive management experience, his financial and accounting knowledge and because he qualified as an independent director. Mr. Masters is a private investor and was a part-time consultant

to Microsoft Corporation from April 2000 to August 2002. From February 1991 to April 2000, Mr. Masters held various executive positions within the financial organization at Microsoft Corporation. In his last position as Senior Director, Mr. Masters was responsible for external financial reporting, budgeting and forecasting, and financial modeling of mergers and acquisitions.

Randall P. O'Connor was elected as a director of our general partner on March 31, 2009. Mr. O'Connor was asked to join the board of directors, in part, based on his position at Morgan Stanley and his executive management experience in the oil and gas industry. Mr. O'Connor is a Managing Director at Morgan Stanley, working in the firm's Commodities Group and currently serves as head of the Strategic Transactions Group. He has been with Morgan Stanley since 2002. Prior to joining Morgan Stanley, Mr. O'Connor held numerous positions of responsibility at various energy companies, including Chevron Corporation, Transworld Oil, Clark Oil & Refining and TransCanada Energy. In addition to being a director of our general partner, Mr. O'Connor is a director of TransMontaigne Inc. and Olco Petroleum Group Inc. Mr. O'Connor holds a B.S. in Chemical Engineering from the University of Texas at Austin and an M.B.A. from the University of California at Berkeley.

David A. Peters was elected as a director of our general partner on May 24, 2005, and serves as a member of the audit and compensation committees and as the chair of the conflicts committee of the board of directors of our general partner. Mr. Peters was asked to join the board of directors, in part, based on his knowledge of the energy industry, his financial and accounting knowledge and because he qualified as an independent director. Since 1999 Mr. Peters has been a business consultant with a primary client focus in the energy sector; in addition, Mr. Peters also served as a member of the board of directors of QDOBA Restaurant Corporation from 1998 to 2003. From 1997 to 1999 Mr. Peters was a managing director of a private investment fund, and from 1995 to 1997 he served as an executive vice president at DukeEnergy/PanEnergy Field Services responsible for natural gas gathering, processing and storage operations. Prior to joining DukeEnergy/PanEnergy Field Services, Mr. Peters held various positions with Associated Natural Gas Corporation, and from 1980 to 1984 he worked in the audit department of Peat Marwick Mitchell & Co. Mr. Peters holds a bachelor's degree in business administration from the University of Michigan.

Goran Trapp was elected as a director of our general partner on October 22, 2008. Mr. Trapp was asked to join the board of directors, in part, based on his position at Morgan Stanley and his executive management experience in the energy commodity markets. Mr. Trapp is a Managing Director at Morgan Stanley and has served as the Head of Global Oil Liquids in Commodities at Morgan Stanley since July 2008 and the Head of Europe, Middle East and Africa Commodities since January 2008. Mr. Trapp joined Morgan Stanley in 1990 and became a Managing Director in 1999. Earlier in his career at Morgan Stanley, Mr. Trapp served as the Head of the Europe and Asia Oil Liquids Group and the Global Chief Operating Officer of the Oil Liquids Group. He has also served as a Member of the Firm's Europe, Middle East and Asia Management Committee since November 2007. Mr. Trapp holds a Master of Science degree from the Stockholm School of Economics.

Compliance With Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 requires the executive officers and directors of our general partner, and persons who own more than ten percent of a registered class of our equity securities (collectively, "Reporting Persons") to file with the SEC and the New York Stock Exchange initial reports of ownership and reports of changes in ownership of our common units and our other equity securities. Specific due dates for those reports have been established, and we are required to report herein any failure to file reports by those due dates. Reporting Persons are also required by SEC regulations to furnish TransMontaigne Partners with copies of all Section 16(a) reports they file.

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To our knowledge, based solely on a review of the copies of such reports furnished to us and written representations that no other reports were required during the year ended December 31, 2009, all Section 16(a) filing requirements applicable to such Reporting Persons were complied with, except that Charles Dunlap filed his Form 5 late. The Form 5 filed late reported the reinvestment into our common units of the quarterly cash distributions paid in 2009 on the restricted phantom units that were previously granted to Mr. Dunlap under the long-term incentive plan for his service as a director, which acquisitions qualified for deferred reporting on Form 5.

Audit Committee

The board of directors of our general partner has a standing audit committee. The audit committee currently has three members, Jerry R. Masters, David A. Peters and Henry M. Kuchta, each of whom is able to understand fundamental financial statements and at least one of whom has past experience in accounting or related financial management. The board has determined that each member of the audit committee is independent under Section 303A.02 of the New York Stock Exchange listing standards and Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended. In making the independence determination, the board considered the requirements of the New York Stock Exchange and the Corporate Governance Guidelines of our general partner. Among other factors, the board considered current or previous employment with the partnership, its auditors or their affiliates by the director or his immediate family members, ownership of our voting securities, and other material relationships with the partnership. The audit committee has adopted a charter, which has been ratified and approved by the board of directors.

With respect to material relationships, the following relationships are not considered to be material for purposes of assessing independence: service as an officer, director, employee or trustee of, or greater than five percent beneficial ownership in (a) a supplier to the partnership if the annual sales to the partnership are less than one percent of the sales of the supplier; (b) a lender to the partnership if the total amount of the partnership's indebtedness is less than one percent of the total consolidated assets of the lender; or (c) a charitable organization if the total amount of the partnership's annual charitable contributions to the organization are less than three percent of that organization's annual charitable receipts.

Based upon his education and employment experience as more fully detailed in Mr. Masters' biography set forth above, Mr. Masters has been designated by the board as the audit committee's financial expert meeting the requirements promulgated by the SEC and set forth in Item 407(d)(5)(ii) of Regulation S-K of the Securities Exchange Act of 1934.

Conflicts Committee

Messrs. Kuchta, Masters and Peters currently serve on the conflicts committee of the board of directors of our general partner. The conflicts committee reviews specific matters that the board believes may involve conflicts of interest. The conflicts committee determines if the resolution of the conflict of interest is fair and reasonable to us. The members of the conflicts committee may not be officers or employees of our general partner or directors, officers, or employees of its affiliates, and must meet the independence standards established by the New York Stock Exchange and the Securities Exchange Act of 1934 to serve on an audit committee of a board of directors, and certain other requirements. Any matter approved by the conflicts committee will be conclusively deemed to be fair and reasonable to us, to be approved by all of our partners, and not deemed a breach by our general partner of any duties it may owe us or our unitholders.

Compensation Committee

Although not required by New York Stock Exchange listing requirements, the board of directors of our general partner has a standing compensation committee, which (1) administers the TransMontaigne Services Inc. long-term incentive plan, pursuant to which employees and independent directors of our general partner are granted equity-based awards, and (2) which reviews the allocation of grants to certain employees of TransMontaigne Services Inc. under the TransMontaigne Services Inc. savings and retention plan. The compensation committee has adopted a charter, which the board of directors has ratified and approved. Messrs. Masters and Peters currently serve on the compensation committee.

Corporate Governance Guidelines; Code of Business Conduct and Ethics

The board of directors of our general partner has adopted Corporate Governance Guidelines that outline the important policies and practices regarding our governance. The board of directors has no policy requiring either that the positions of the Chairman of the Board and of the Chief Executive Officer of our general partner be separate or that they be occupied by the same individual. The board of directors believes that this issue is properly addressed as part of the succession planning process and that a determination on this subject should be made when it elects a new chief executive officer or at such other times as when consideration of the matter is warranted by circumstances. Currently, different individuals hold the positions of Chairman of the Board and Chief Executive Officer of our general partner. We believe that separating the roles of Chairman of the Board and Chief Executive Officer preserves the distinction between management and oversight, which in turn enhances the board's ability to oversee and evaluate management.

The audit committee has adopted a Code of Business Conduct and Ethics, which the board of directors of our general partner has ratified and approved. The Code of Business Conduct applies to all employees of TransMontaigne Services Inc. acting on behalf of our general partner and to the officers and directors of our general partner. The audit committee has also adopted, and the board of directors of our general partner has ratified and approved, a Code of Ethics for Senior Financial Officers of our general partner. The Code of Ethics for Senior Financial Officers applies to the senior financial officers of our general partner, including the chief executive officer, the chief financial officer and the chief accounting officer or persons performing similar functions. The Code of Business Conduct and Code of Ethics for Senior Financial Officers each require prompt disclosure of any waiver of the code for executive officers or directors made by the general partner's board of directors or any committee thereof as required by law or the New York Stock Exchange.

Copies of our Code of Business Conduct, Code of Ethics for Senior Financial Officers, Corporate Governance Guidelines, Audit Committee Charter, and Compensation Committee Charter, are available on our website at www.transmontaignepartners.com.

Communications by Unitholders

Pursuant to our Corporate Governance Guidelines, the board of directors of our general partner meets at the conclusion of regularly-scheduled board meetings without the executive officers of our general partner or other employees of TransMontaigne Services Inc. present, which meetings are presided over by Mr. Munger as Chairman of the Board. In addition, the independent members of the board of directors of our general partner meet in executive sessions at the conclusion of regularly-scheduled board meetings, pursuant to which, the board has chosen Mr. Peters to preside as chairman of these executive session meetings.

Unitholders and other interested parties may communicate with (1) Mr. Peters, in his capacity as chairman of the executive session meetings of the board of directors of our general partner, (2) the independent members of the board of directors of our general partner as a group, or (3) any and all members of the board of directors of our general partner by transmitting correspondence by mail or

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facsimile addressed to one or more directors by name or to the independent directors (or to the Chairman of the Board or any standing committee of the board) at the following address and fax number:

Name of the Director(s)
c/o Secretary
TransMontaigne Partners L.P.
1670 Broadway, Suite 3100
Denver, Colorado 80202
(303) 626-8228

The secretary of our general partner will collect and organize all such communications in accordance with procedures approved by the board. The secretary will forward all communications to the Chairman of the Board or to the identified director(s) as soon as practicable. However, we may handle differently communications that are abusive, offensive or that present safety or security concerns. If we receive multiple communications on a similar topic, our secretary may, in his or her discretion, forward only representative correspondence.

The Chairman of the Board will determine whether any communication addressed to the entire board should be properly addressed by the entire board or a committee thereof if a communication is sent to the board or a committee, the Chairman of the Board or the chairman of that committee, as the case may be, will determine whether the communication warrants a response. If a response to the communication is warranted, the content and method of the response will be coordinated with our general partner's internal or external counsel.

ITEM 11. EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

We do not directly employ any of the persons responsible for managing our business. We are managed by our general partner, TransMontaigne GP L.L.C. The executive officers of our general partner are employees of and paid by TransMontaigne Services Inc. We do not incur any direct compensation charge for the executive officers of our general partner. Instead, under the omnibus agreement we pay TransMontaigne Inc. a yearly administrative fee that is intended to compensate TransMontaigne Inc. for providing certain corporate staff and support services to us, including services provided to us by the executive officers of our general partner. During the year ended December 31, 2009, we paid TransMontaigne Inc. an administrative fee of approximately \$10.0 million. The administrative fee is a lump-sum payment and does not reflect specific amounts attributable to the compensation of the executive officers of our general partner while acting on our behalf. In addition, we agreed to reimburse TransMontaigne Inc. and its affiliates at least \$1.5 million for grants to key employees of TransMontaigne Inc. and its affiliates under the TransMontaigne Services Inc. savings and retention plan, provided that (i) no less than \$1.5 million of the aggregate amount of such awards granted to key employees of TransMontaigne Inc. and its affiliates will be allocated to an investment fund indexed to the performance of our common units, and (ii) the proposed allocations of such awards among these key employees are approved by the compensation committee of our general partner to assure that an adequate portion of such awards are deemed invested in an investment fund indexed to the performance of our common units. For the year ended December 31, 2009, we reimbursed TransMontaigne Services Inc. approximately \$1.2 million for bonus awards granted to its key employees under the TransMontaigne Services Inc. savings and retention plan. Effective August 10, 2009, Charles L. Dunlap was appointed to serve as Chief Executive Officer ("CEO") of our general partner and President and CEO of TransMontaigne Inc. In connection with his appointments and because he was not eligible to participate in the savings and retention plan then in effect, on

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August 10, 2009, TransMontaigne Services Inc. awarded Mr. Dunlap 40,000 restricted phantom units under the long-term incentive plan. We will amortize deferred equity-based compensation of approximately \$1.0 million associated with this grant over its respective four-year vesting period.

Neither the board of directors nor the compensation committee of our general partner plays any role in setting the compensation of the executive officers of our general partner, all of which is determined by TransMontaigne Inc. The compensation committee of our general partner, however, determines the amount, timing and terms of all equity awards granted to our independent directors under TransMontaigne Services Inc.'s long-term incentive plan. To the extent that awards of phantom units granted under TransMontaigne Services Inc.'s long-term incentive plan are replaced with common units purchased by TransMontaigne Services Inc. on the open market, we will reimburse TransMontaigne Services Inc. for the purchase price of such units.

The primary elements of TransMontaigne Inc.'s compensation program are a combination of annual cash and long-term equity-based compensation. During 2009, elements of compensation for our executive officers consisted of the following:

- Annual base salary;
- Discretionary annual cash awards;
- Long-term equity-based compensation; and
- Other compensation, including very limited perquisites.

We do not provide any perquisites to the executive officers of our general partner. TransMontaigne Services Inc. expects to continue its policy of covering very limited perquisites allocable to its executive officers. TransMontaigne Services Inc. makes matching contributions under its 401(k) plan for the benefit of its executive officers in the same manner as for its other employees.

The elements of TransMontaigne Inc.'s compensation program, along with TransMontaigne Inc.'s other rewards (for example, benefits, work environment, career development), are intended to provide a total rewards package designed to drive performance and reward contributions in support of the business strategies of TransMontaigne Inc. During 2009, TransMontaigne Inc. did not use any elements of compensation based on specific performance-based criteria and did not have any other specific performance-based objectives. Although neither the board of directors nor the compensation committee of our general partner plays any role in setting the compensation of the executive officers of our general partner, we are not aware of any compensation elements of TransMontaigne Inc.'s compensation program which are reasonably likely to have a material adverse effect on us.

We believe that TransMontaigne Inc.'s compensation policies allow it to attract, motivate and retain high quality, talented individuals with the skills and competencies we require. In addition, the TransMontaigne Services Inc.'s savings and retention plan and long-term incentive plan are intended to align the long-term interests of the executive officers of our general partner with those of our unitholders to the extent a portion of the bonus awards under the savings and retention plan is deemed invested in our common units.

Employment and Other Agreements

We have not entered into any employment agreements with any officers of our general partner.

Compensation Committee Report

The compensation committee has reviewed and discussed with our management the Compensation Discussion and Analysis under "Item 11. Executive Compensation" of this annual report. Based on such review and discussions, the Compensation Committee recommended to the board of directors of our general partner that the Compensation Discussion and Analysis be included in this annual report.

COMPENSATION COMMITTEE

Jerry R. Masters, Chair

David A. Peters

COMPENSATION OF DIRECTORS

Employees of our general partner or its affiliates (including employees of Morgan Stanley and its affiliates) who also serve as directors of our general partner will not receive additional compensation. Independent directors will receive a \$30,000 annual cash retainer and an annual grant of 2,000 restricted phantom units, which will vest in 25% increments on March 31 and each of the succeeding three anniversaries (with vesting to be accelerated upon a change of control). Upon vesting, the restricted phantom units will be replaced with our common units on a one-for-one basis, as the common units are acquired in the open market by the plan, or paid out in cash based upon the closing market price of the common units on the date of vesting, at the option of the plan administrator. Dividends are paid on restricted phantom units at the same rate as on our unrestricted common units. In addition, each director will be reimbursed for out-of-pocket expenses in connection with attending meetings of the board of directors or committees. Each director will be fully indemnified by us for actions associated with being a director to the extent permitted under Delaware law.

The following table provides information concerning the compensation of our general partner's directors for 2009.

Director Compensation Table for 2009

Name(a)	Fees earned or paid in cash (\$) (b)	Stock awards (\$) (c)	All other compensation (\$) (g)	Total (\$) (h)
Stephen R. Munger(1)	—	—	—	—
Randall P. O'Connor(1)	—	—	—	—
Goran Trapp(1)	—	—	—	—
Charles L. Dunlap(2)	\$ 22,500	\$ 33,540(3)	—	\$ 56,040
Duke R. Ligon(4)	\$ 30,000	\$ 33,540(3)	—	\$ 63,540
Jerry R. Masters	\$ 30,000	\$ 33,540(3)	—	\$ 63,540
David A. Peters	\$ 30,000	\$ 33,540(3)	—	\$ 63,540

- (1) Because Messrs. Munger, O'Connor and Trapp are employees of an affiliate of our general partner, none of them receives compensation for service as a director of our general partner. At December 31, 2009, none of the foregoing directors held any restricted phantom or other limited partnership interests.
- (2) The board of directors of our general partner appointed Charles L. Dunlap to serve as Chief Executive Officer of our general partner, effective August 10, 2009. Mr. Dunlap was also appointed to serve as the President and Chief Executive Officer of TransMontaigne Inc., effective August 10, 2009. As a result of this appointment, Mr. Dunlap ceased to qualify as an independent director of the board of directors of our general partner and therefore tendered his resignation from the board of directors of our general partner, also effective August 10, 2009. Because Mr. Dunlap

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continues to provide services to our general partner as an employee, the restricted phantom units previously granted to Mr. Dunlap for his services as an independent member of the board of directors of our general partner remain in effect and continue to vest in accordance with the four-year vesting schedule for our independent directors.

- (3) This dollar amount reflects the aggregate grant-date fair value of the restricted phantom units, computed in accordance with FASB ASC 718. The grant-date fair value is equal to \$16.77, the closing price of our unrestricted common units on March 31, 2009. The restricted phantom units vest in 25% increments on March 31 and each of the succeeding three anniversaries (with vesting to be accelerated upon a change of control). At December 31, 2009, Messrs. Dunlap and Ligon each held 3,500 restricted phantom units and Messrs. Masters and Peters each held 4,500 restricted phantom units.
- (4) Mr. Ligon resigned from the board of directors of our general partner, effective January 7, 2010.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the year ended December 31, 2009, Messrs. Masters and Peters were the only persons who served on the compensation committee of our general partner. During 2009, none of the members of the compensation committee was an officer or employee of our general partner or any of our subsidiaries or served as an officer of any company with respect to which any of the executive officers of our general partner served on such company's board of directors.

SAVINGS AND RETENTION PLAN

The board of directors of TransMontaigne Inc. adopted the savings and retention plan of TransMontaigne Services Inc. effective January 1, 2007, which was subsequently amended and restated as of January 29, 2010 to revise certain age and length of service thresholds that had previously excluded a number of TransMontaigne Services Inc. employees, including the recently appointed Chief Executive Officer, the President and the Executive Vice President, General Counsel of our general partner, from participation in the plan. The plan is administered by the compensation committee of TransMontaigne Inc. The purpose of the plan is to provide for the reward and retention of certain key employees of TransMontaigne Services Inc. by providing them with bonus awards that vest over future service periods. Awards under the plan generally become vested as to 50% of a participant's annual award as of the January 1 that falls closest to the second anniversary of the grant date, and the remaining 50% as of the January 1 that falls closest to the third anniversary of the grant date, subject to earlier vesting upon a participant's retirement, death or disability, involuntary termination without cause, or termination of a participant's employment following a change of control of Morgan Stanley or TransMontaigne Inc., or their affiliates, as specified in the plan. Pursuant to the new provisions of the January 29, 2010 amended and restated plan, once participating employees of TransMontaigne Services Inc. reach the age and length of service thresholds set forth below, subsequent annual awards are immediately vested and payable as to 50% of a participant's annual award in the month containing the second anniversary of the grant date, and the remaining 50% in the month containing the third anniversary of the grant date, subject to earlier payment upon the participant's retirement, death or disability, involuntary termination without cause, or termination of a participant's employment following a change of control of Morgan Stanley or TransMontaigne Inc., or their affiliates, as specified in the plan. In addition, the vested awards remain subject to forfeiture as specified in the plan. A person will satisfy the age and length of service thresholds of the plan upon the attainment of the earliest of (a) age sixty, (b) age fifty-five and ten years of service as an officer of TransMontaigne Inc. or its affiliates, or (c) age fifty and twenty years of service as an employee of TransMontaigne Inc. or its affiliates. For the awards granted under the plan in 2010, the Chief Executive Officer, President and Executive Vice President, General Counsel of our general partner have satisfied the age and length of service thresholds of the plan. Generally, only senior level management of TransMontaigne Services

Inc. will receive awards under the plan. Although no assets are segregated or otherwise set aside with respect to a participant's account, the amount ultimately payable to a participant shall be the amount credited to such participant's account as if such account had been invested in some or all of the investment funds selected by the plan administrator.

The plan administrator determines both the amount and investment funds in which the bonus award will be deemed invested for each participant. For the year ended December 31, 2009, the four investment funds that the plan administrator could select were (1) a fixed interest fund, under which interest accrues at a rate to be determined annually by the plan administrator; (2) a fund under which a participant's account is deemed invested in the Dodge & Cox Income Fund, which invests primarily in bonds and other fixed income securities; (3) an equity index fund under which a participant's account is deemed invested in the SPDR Trust Series 1, which has an investment goal of tracking the performance of the Standard & Poors 500 Index, or such other equity index as the plan administrator may from time to time select; and (4) a fund under which a participant's account tracks the performance of our common units, with all distributions automatically reinvested in common units. Upon vesting and payment, the participant shall be paid the value of the investment funds in cash or in-kind, at the sole discretion of the plan administrator. For the year ended December 31, 2009, we reimbursed TransMontaigne Services Inc. approximately \$1.2 million for bonus awards under the plan.

LONG-TERM INCENTIVE PLAN

Upon the consummation of our initial public offering in May 2005, TransMontaigne Services Inc. adopted a long-term incentive plan for employees and consultants of TransMontaigne Services Inc. who provide services on our behalf, and our independent directors. Following the adoption of the amended and restated savings and retention plan of TransMontaigne Services Inc., we do not currently anticipate that awards will be made under the long-term incentive plan to officers or employees of TransMontaigne Services Inc., although we anticipate that annual grants to the independent directors of our general partner will continue to be made under the long-term incentive plan. During the year ended December 31, 2009, the compensation committee of the board of directors of our general partner awarded 8,000 restricted phantom units to the independent directors of our general partner under the plan. Effective August 10, 2009, Charles L. Dunlap was appointed to serve as Chief Executive Officer of our general partner and President and Chief Executive Officer of TransMontaigne Inc. In connection with his appointments and because he was not eligible to participate in the savings and retention plan then in effect, on August 10, 2009, TransMontaigne Services Inc. awarded Mr. Dunlap 40,000 restricted phantom units under the long-term incentive plan.

The summary of the proposed long-term incentive plan contained below does not purport to be complete, but outlines its material provisions. The long-term incentive plan consists of four components: restricted units, restricted phantom units, unit options and unit appreciation rights. As of February 26, 2010, the long-term incentive plan permits the grant of awards covering an aggregate of 1,238,463 units, which amount will automatically increase on an annual basis by 2% of the total outstanding common and subordinated units, if any, at the end of the preceding fiscal year. As of February 26, 2010, there were 1,014,523 units available for future grant under the long-term incentive plan. The plan is administered by the compensation committee of the board of directors of our general partner.

The board of directors of our general partner, in its discretion may terminate, suspend or discontinue the long-term incentive plan at any time with respect to any award that has not yet been granted. The board of directors also has the right to alter or amend the long-term incentive plan or any part of the plan from time to time, including increasing the number of units that may be granted subject to unitholder approval as required by the exchange upon which the common units are listed at that time. However, no change in any outstanding grant may be made that would materially impair the

rights of the participant without the consent of the participant, unless the change is necessary to comply with certain tax requirements.

Restricted Units and Restricted Phantom Units. A restricted unit is a common unit subject to forfeiture prior to the vesting of the award. A restricted phantom unit is a notional unit that entitles the grantee to receive a common unit upon the vesting of the phantom unit or, in the discretion of the compensation committee, cash equivalent to the value of a common unit. The compensation committee may determine to make grants under the plan of restricted units and restricted phantom units to employees, consultants and independent directors containing such terms as the compensation committee shall determine. The compensation committee will determine the period over which restricted units and restricted phantom units granted to employees, consultants and independent directors will vest. The compensation committee may base its determination upon the achievement of specified financial objectives. In addition, the restricted units and restricted phantom units will vest upon a change of control of us, our general partner or TransMontaigne Inc.

If a grantee's employment, service relationship or membership on the board of directors terminates for any reason, the grantee's restricted units and restricted phantom units will be automatically forfeited unless, and to the extent, the compensation committee provides otherwise. Common units to be delivered in connection with the grant of restricted units or upon the vesting of restricted phantom units may be common units acquired by our general partner on the open market, common units already owned by our general partner, common units acquired by our general partner directly from us or any other person or any combination of the foregoing. TransMontaigne Services Inc. will be entitled to reimbursement by us for the cost incurred in acquiring common units. Thus, the cost of the restricted units and delivery of common units upon the vesting of restricted phantom units will be borne by us. If we issue new common units in connection with the grant of restricted units or upon vesting of the restricted phantom units, the total number of common units outstanding will increase. The compensation committee, in its discretion, may grant tandem distribution rights with respect to restricted units and tandem distribution equivalent rights with respect to restricted phantom units.

We intend the issuance of restricted units and common units upon the vesting of the restricted phantom units under the plan to serve as a means of incentive compensation for performance and not primarily as an opportunity to participate in the equity appreciation of the common units. Therefore, at this time it is not contemplated that plan participants will pay any consideration for restricted units or common units they receive, and at this time we do not contemplate that we will receive any remuneration for the restricted units and common units.

Unit Options and Unit Appreciation Rights. The long-term incentive plan permits the grant of options covering common units and the grant of unit appreciation rights. A unit appreciation right is an award that, upon exercise, entitles the participant to receive the excess of the fair market value of a unit on the exercise date over the exercise price established for the unit appreciation right. Such excess may be paid in common units, cash, or a combination thereof, as determined by the compensation committee in its discretion. The long-term incentive plan permits grants of unit options and unit appreciation rights to employees, consultants and independent directors containing such terms as the compensation committee shall determine. Unit options and unit appreciation rights may have an exercise price that is equal to or greater than the fair market value of the common units on the date of grant. In general, unit options and unit appreciation rights granted will become exercisable over a period determined by the compensation committee. In addition, the unit options and unit appreciation rights will become exercisable upon a change in control of us, our general partner or TransMontaigne Inc., unless provided otherwise by the compensation committee.

Upon exercise of a unit option (or a unit appreciation right settled in common units), our general partner will acquire common units on the open market or directly from us or any other person or use common units already owned by our general partner, or any combination of the foregoing. Our general

partner will be entitled to reimbursement by us for the difference between the cost incurred by our general partner in acquiring these common units and the proceeds received from a participant at the time of exercise. Thus, the cost of the unit options (or a unit appreciation right settled in common units) will be borne by us. If we issue new common units upon exercise of the unit options (or a unit appreciation right settled in common units), the total number of common units outstanding will increase, and our general partner will pay us the proceeds it receives from an optionee upon exercise of a unit option. The availability of unit options and unit appreciation rights is intended to furnish additional compensation to employees, consultants and independent directors and to align their economic interests with those of common unitholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED UNITHOLDER MATTERS

The following table sets forth certain information regarding the beneficial ownership of our limited partnership common units as of February 26, 2010 by each director of our general partner, by each individual serving as an executive officer of our general partner as of February 26, 2010, by the former Chief Executive Officer of our general partner, by each person known by us to own more than 5% of the outstanding units, and by all directors, director nominees and the named executive officers as of February 26, 2010 as a group. The information set forth below is based solely upon information furnished by such individuals or contained in filings made by such beneficial owners with the SEC.

The calculation of the percentage of beneficial ownership is based on an aggregate of 14,457,066 limited partnership common units outstanding as of February 26, 2010. Beneficial ownership is determined in accordance with the rules of the SEC and includes voting and investment power with respect to the units. To our knowledge, except under applicable community property laws or as otherwise indicated, the persons named in the table have sole voting and sole investment power with respect to all units beneficially owned. Units underlying outstanding warrants or options that are currently exercisable or exercisable within 60 days of February 26, 2010 are deemed outstanding for the purpose of computing the percentage of beneficial ownership of the person holding those options or warrants, but are not deemed outstanding for computing the percentage of beneficial ownership of any

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other person. The address for each named executive officer, director and director nominee is care of TransMontaigne Partners L.P., 1670 Broadway, Suite 3100, Denver, Colorado 80202.

<u>Name of beneficial owner</u>	Common units beneficially owned	Percentage of common units beneficially owned
TransMontaigne Inc.(1)	2,803,228	19.4%
Morgan Stanley(2)	462,858	3.2%
Swank Capital, LLC(3)	992,500	6.9%
Named Executive Officers		
Frederick W. Boutin(4)	35,433	*
Erik B. Carlson(5)	31,000	*
Deborah A. Davis(4)	3,544	*
Charles L. Dunlap(6)	3,640	*
Gregory J. Pound(5)	21,722	*
Randall J. Larson(7)	37,300	*
Directors		
Henry M. Kuchta(8)	—	*
Jerry R. Masters(9)	21,000	*
Stephen R. Munger	—	*
Randall P. O'Connor	—	*
David A. Peters(9)	18,600	*
Goran Trapp	—	*
All directors, director nominees and executive officers as a group (12 persons)	172,239	1.2%

* Less than 1%.

- (1) The common units beneficially owned by TransMontaigne Inc. are held by TransMontaigne Services Inc. TransMontaigne Inc. is the indirect parent company of TransMontaigne Services Inc. and may, therefore, be deemed to beneficially own the units held by each of them. Excludes the 2% general partnership interest and related incentive distribution rights held by our general partner, which are not considered "units" for purposes of our limited partnership agreement. The general partner, accordingly, is not considered a "unitholder." The address of TransMontaigne Inc. is 1670 Broadway, Suite 3100, Denver, Colorado 80202.
- (2) The address of Morgan Stanley Strategic Investments, Inc., an affiliate of Morgan Stanley Capital Group Inc., is 1585 Broadway, New York, New York 10036. Based on the Schedule 13D (Amendment No. 2) filed with the Securities and Exchange Commission on November 13, 2009, Morgan Stanley ("MS"), in its capacity as parent company of, and indirect beneficial owner of securities held by Morgan Stanley Capital Group, Inc. ("MSCGI") (and through TransMontaigne Inc. and its subsidiaries), and Morgan Stanley Smith Barney ("MSSB"), may be deemed to beneficially own 3,266,086 common units, or approximately 22.6% of the outstanding common units. MSCGI may be deemed to beneficially own the 2,803,228 common units, indirectly held by TransMontaigne Services Inc. Morgan Stanley Strategic Investments, Inc. ("MSSI") beneficially owns 450,000 common units. MSSB has voting and/or dispositive power over certain shares of common units held in accounts of certain of its clients and customers and, as a result, may be

deemed to beneficially own up to 12,858 common units. Each of MS and MSCGI may be deemed to have shared voting and dispositive power with respect to 2,803,228 common units beneficially owned by TransMontaigne Services Inc.; (ii) each of MS and MSSI may be deemed to have shared voting and dispositive power with respect to 450,000 common units beneficially owned by MSSI; and (iii) each of MS and MSSB may be deemed to have shared voting and/or dispositive power with respect to 12,858 common units beneficially owned by MSSB.

- (3) Based on the Schedule 13G (Amendment No. 2) filed with the Securities and Exchange Commission on February 16, 2010, Swank Energy Income Advisors, LP, which we refer to as Swank Advisors, has voting and dispositive powers over 992,500 common units. Swank Capital, LLC, as the general partner of Swank Advisors, and Mr. Swank as the principal of Swank Capital, LLC, have voting and dispositive powers over the 992,500 common units held by Swank Advisors. The address of each of Swank Advisors, Swank Capital, LLC and Mr. Swank is 3300 Oak Lawn Avenue, Suite 650, Dallas, Texas 75219.
- (4) Excludes 14,332 phantom units previously granted to Mr. Boutin and 5,639 phantom units previously granted to Ms. Davis pursuant to the TransMontaigne Services Inc. savings and retention plan. Mr. Boutin will vest in 14,332 phantom units on July 14, 2010 upon his reaching the age and length of service thresholds under the plan. Ms. Davis' phantom units vest 50% as of the January 1 that falls closest to the second anniversary of the grant date, with the remaining 50% vesting as of the January 1 that falls closest to the third anniversary of the grant date. The phantom units are subject to earlier vesting as described under "—Savings and Retention Plan" above.
- (5) Excludes 4,227 phantom units previously granted to Mr. Carlson and 3,758 phantom units previously granted to Mr. Pound pursuant to the TransMontaigne Services Inc. savings and retention plan. Each of Messrs. Carlson and Pound have satisfied the age and length of service thresholds under the plan, therefore, the forgoing phantom units immediately vested and will become payable as to 50% of a participant's award in the month containing the second anniversary of the grant date, and the remaining 50% in the month containing the third anniversary of the grant date. The phantom units are subject to earlier payment as described under "—Savings and Retention Plan" above. At the time of payment, phantom units will be paid out, in the sole discretion of the plan administrator, in cash, in common units or a combination thereof.
- (6) Includes 1,000 restricted phantom units granted to Mr. Dunlap under the TransMontaigne Services Inc. long-term incentive plan for his service as an independent director that will vest on March 31, 2010. Excludes 1,000 restricted phantom units granted to Mr. Dunlap under the TransMontaigne Services Inc. long term incentive plan for his service as an independent director that remain subject to continued vesting over two equal annual installments, beginning with the next vesting date March 31, 2011. Excludes 1,500 restricted phantom units granted to Mr. Dunlap under the TransMontaigne Services Inc. long term incentive plan for his service as an independent director that remain subject to continued vesting over three equal annual installments, beginning with the next vesting date March 31, 2011. Effective August 10, 2009, Mr. Dunlap was appointed to serve as Chief Executive Officer of our general partner and President and Chief Executive Officer of TransMontaigne Inc. As a result of these appointments, Mr. Dunlap ceased to qualify as an independent director and therefore tendered his resignation from the board of directors of our general partner, effective as of the same date. Excludes 40,000 restricted phantom units granted to Mr. Dunlap under the TransMontaigne Services Inc. long term incentive plan in connection with his appointments that remain subject to continued

vesting over four equal annual installments, beginning with the first vesting date August 10, 2010.

- (7) Mr. Larson resigned as Chief Executive Officer of our general partner and as President, Chief Executive Officer and member of the board of directors of TransMontaigne Inc., and the other subsidiaries of Partners and TransMontaigne Inc. effective August 5, 2009.
- (8) Mr. Kuchta was appointed to the board of directors of our general partner, effective January 7, 2010.
- (9) Includes 1,500 restricted phantom units granted to each of Messrs. Masters and Peters under the TransMontaigne Services Inc. long-term incentive plan that will vest on March 31, 2010. Excludes 500 restricted phantom units granted to each of Messrs. Masters and Peters under the TransMontaigne Services Inc. long term incentive plan that vest on March 31, 2011. Excludes 1,000 restricted phantom units granted to each of Messrs. Masters and Peters under the TransMontaigne Services Inc. long term incentive plan that remain subject to continued vesting over two equal annual installments, beginning with the next vesting date March 31, 2011. Excludes 1,500 restricted phantom units granted to each of Messrs. Masters and Peters under the TransMontaigne Services Inc. long term incentive plan that remain subject to continued vesting over three equal annual installments, beginning with the next vesting date March 31, 2011.

EQUITY COMPENSATION PLAN INFORMATION

The following table summarizes information about our equity compensation plans as of December 31, 2009.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights ⁽¹⁾	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) ⁽¹⁾
	(a)	(b)	(c)
Equity compensation plans approved by security holders	—	—	—
Equity compensation plans not approved by security holders	56,000	—	765,632
Total	56,000	—	765,632

- (1) At December 31, 2009, the long-term incentive plan permits the grant of awards covering an aggregate of 989,572 units, of which 223,940 units had been granted since the inception of the plan, net of forfeitures. The number of units available for grant automatically increase on an annual basis by 2% of the total outstanding common units at the end of the preceding fiscal year. After giving effect to the automatic increase at the beginning of the 2010 fiscal year, a total of 1,238,463 units were made available for issuance under the plan, of which 1,014,523 units remain available for issuance under the plan as of February 26, 2010. For more information about our long-term incentive plan, which did not require approval by our limited partners, refer to "Item 11. Executive Compensation—Long-Term Incentive Plan," and Note 13 to Notes to consolidated financial statements in Item 8 of this annual report.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

REVIEW, APPROVAL OR RATIFICATION OF TRANSACTIONS WITH RELATED PERSONS

Our general partner's conflicts committee reviews specific matters that the board of directors of our general partner believes may involve conflicts of interest and other transactions with related persons in accordance with the procedures set forth in our amended and restated limited partnership agreement. Due to the conflicts of interest inherent in our operating structure, our general partner may, but is not required to, seek the approval of any conflict of interest transaction from the conflicts committee. Generally, such approval is requested for material transactions, including the purchase of a material amount of assets from TransMontaigne Inc. or the modification of a material agreement between us and TransMontaigne Inc. or Morgan Stanley Capital Group. Any matter approved by the conflicts committee will be conclusively deemed fair and reasonable to us, to be approved by all of our partners, and not to be a breach by our general partner of its fiduciary duties. The conflicts committee may consider any factors it determines in good faith to consider when resolving a conflict, including taking into account the totality of the relationships among the parties involved, including other transactions that may be particularly favorable or advantageous to us. In addition the conflicts committee has the authority to engage outside advisors to assist it in making its determinations. For example, in approving our acquisition of the Southeast facilities from TransMontaigne Inc., the conflicts committee engaged, and obtained a fairness opinion from, an independent outside financial advisor.

We also have attempted to resolve many of the conflicts of interest inherent in our operating structure by entering into various documents and agreements with TransMontaigne Inc. These agreements, and any amendments thereto, discussed below were not the result of arm's-length negotiations, and they, or any of the transactions that they provide for, may not be effected on terms at least as favorable to the parties to these agreements as they could have been obtained from unaffiliated third parties.

RELATIONSHIP AND AGREEMENTS WITH OUR AFFILIATES

Morgan Stanley controls our operations through its indirect ownership of our general partner and has a significant limited partner ownership interest in us through its indirect ownership of our common units. As of February 26, 2010, affiliates of Morgan Stanley, in the aggregate, owned a 24.1% interest in the partnership, consisting of 3,253,228 common units, 2% general partner interest and the incentive distribution rights (excluding any common units that Morgan Stanley may be deemed to indirectly beneficially own through investment accounts managed by its affiliates).

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The following table summarizes the distributions and payments to be made by us to Morgan Stanley and its other affiliates in connection with our ongoing operations.

Operational stage

Distributions of available cash to our general partner and its affiliates	We will generally make cash distributions 98% to the unitholders and 2% to our general partner. In addition, if distributions exceed the minimum quarterly distribution and other higher target levels, our general partner will be entitled to increasing percentages of the distributions, up to 50% of the distributions above the highest target level.
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During the year ended December 31, 2009, we distributed approximately \$10.3 million to Morgan Stanley and its affiliates. Assuming we have sufficient available cash to pay the minimum quarterly distribution on all of our outstanding units for four quarters, our general partner and its affiliates would receive an annual distribution of approximately \$0.4 million on the 2% general partner interest and approximately \$5.2 million on their common units.

Payments to our general partner and its affiliates	For the year ended December 31, 2009, we paid Morgan Stanley and its affiliates an administrative fee of approximately \$10 million with an additional insurance reimbursement of approximately \$2.9 million for the provision of various general and administrative services for our benefit. We also reimbursed TransMontaigne Inc. approximately \$1.2 million for grants to key employees of TransMontaigne Inc. and its affiliates under the TransMontaigne Services Inc. savings and retention plan. For further information regarding the administrative fee, please see "—Omnibus Agreement; Payment of general and administrative services fee" below.
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Omnibus Agreement

On May 27, 2005, we entered into an omnibus agreement with TransMontaigne Inc. and our general partner, which agreement was amended and restated on December 31, 2007. The omnibus agreement, as amended and restated, addresses the following matters:

- our obligation to pay TransMontaigne Inc. an annual administrative fee, currently in the amount of \$10.3 million;
- our obligation to pay TransMontaigne Inc. an annual insurance reimbursement, currently in the amount of \$3.2 million;
- our obligation to pay TransMontaigne Inc. an annual reimbursement fee in an amount no less than \$1.5 million for grants to key employees of TransMontaigne Inc. and its affiliates under the TransMontaigne Services Inc. savings and retention plan, provided that (i) no less than \$1.5 million of the aggregate amount of such awards granted to key employees of TransMontaigne Inc. and its affiliates will be allocated to an investment fund indexed to the performance of our common units, and (ii) the proposed allocations of such awards among the key employees of

TransMontaigne Inc. and its affiliates are approved by the compensation committee of our general partner;

- our right of first offer to purchase TransMontaigne Inc.'s and its subsidiaries' right, title and interest in the Pensacola, Florida refined petroleum products terminal and any assets acquired in an asset exchange transaction that replace the Pensacola assets;
- TransMontaigne Inc.'s right of first refusal to purchase any assets that we propose to sell; and
- TransMontaigne Inc.'s right of first refusal to any storage capacity that becomes available after January 1, 2008.

Any or all of the provisions of the omnibus agreement, are terminable by TransMontaigne Inc. at its option if our general partner is removed without cause and units held by our general partner and its affiliates are not voted in favor of that removal.

Payment of general and administrative services fee and reimbursement of direct expenses

Pursuant to the omnibus agreement, for the year ended December 31, 2009, we paid TransMontaigne Inc. an annual administrative fee of approximately \$10.0 million for the provision of various general and administrative services for our benefit. The administrative fee paid in fiscal 2009 partially reimburses TransMontaigne Inc. for expenses it incurred to perform centralized corporate functions, such as legal, accounting, treasury, insurance administration and claims processing, health, safety and environmental, information technology, human resources, including the services of our executive officers, credit, payroll, taxes and engineering and other corporate services, to the extent such services were not outsourced by TransMontaigne Inc. The omnibus agreement further requires us to pay TransMontaigne Inc. an annual insurance reimbursement in the amount of approximately \$2.9 million for premiums on insurance policies covering our terminals and pipelines. The administrative fee may be increased annually by the percentage increase in the consumer price index for the immediately preceding year, and the insurance reimbursement will increase in accordance with increases in the premiums payable under the relevant policies. In addition, if we acquire or construct additional assets during the term of the agreement, TransMontaigne Inc. will propose a revised administrative fee covering the provision of services for such additional assets. If the conflicts committee of our general partner agrees to the revised administrative fee, TransMontaigne Inc. will provide services for the additional assets pursuant to the agreement. In addition, we agreed to reimburse TransMontaigne Inc. and its affiliates no less than \$1.5 million for grants to key employees of TransMontaigne Inc. and its affiliates under the TransMontaigne Services Inc. savings and retention plan, provided that (i) no less than \$1.5 million of the aggregate amount of such awards granted to key employees of TransMontaigne Inc. and its affiliates will be allocated to an investment fund indexed to the performance of our common units, and (ii) the proposed allocations of such awards among the key employees of TransMontaigne Inc. and its affiliates are approved by the compensation committee of our general partner to assure that an adequate portion of such awards are deemed invested in an investment fund indexed to the performance of our common units. The omnibus agreement will expire on December 31, 2014. If Morgan Stanley Capital Group elects to renew the terminaling and services agreement for the Southeast terminals, we have the right to extend the term of the omnibus agreement for an additional seven years. Due to the acquisition of TransMontaigne Inc. by Morgan Stanley Capital Group on September 1, 2006, the omnibus agreement no longer requires TransMontaigne Inc. to offer us any tangible assets that it acquires or constructs after September 1, 2006 related to the storage, transportation or terminaling of refined products in the United States.

The administrative fee did not include reimbursements for direct expenses TransMontaigne Inc. incurred on our behalf, such as salaries of operational personnel performing services on-site at our terminal and pipeline facilities and related employee benefit costs, including 401(k) and health insurance benefits. For the year ended December 31, 2009, we reimbursed TransMontaigne Inc.

approximately \$21.1 million for direct expenses it incurred on our behalf, excluding reimbursements for grants to key employees of TransMontaigne Inc. and its affiliates under the TransMontaigne Services Inc. savings and retention plan.

Rights of First Offer and First Refusal

Under the omnibus agreement we have a right of first offer to purchase TransMontaigne Inc.'s Pensacola, Florida refined petroleum products terminal provided that we agree to pay no less than 105% of the purchase price offered by a third-party bidder. The omnibus agreement also provides TransMontaigne Inc. with a right of first refusal to purchase our assets that are in the same line of business in which TransMontaigne Inc. is engaged, provided that TransMontaigne Inc. agrees to pay no less than 105% of the purchase price offered by a third-party bidder. These provisions are discussed under Item 1. "Business—Our Relationship with TransMontaigne Inc. and Morgan Stanley Capital Group" of this annual report.

Terminating Services Agreements

We have entered into various terminating services agreements with Morgan Stanley Capital Group and TransMontaigne Inc., which are discussed under Item 1. "Business—Our Relationship with TransMontaigne Inc. and Morgan Stanley Capital Group—Terminating Services Agreements" of this annual report.

Indemnification

Under the purchase agreement for the River and Brownsville facilities, TransMontaigne Inc. has agreed to indemnify us for certain environmental liabilities, discussed under Item 1. "Business and Properties—Environmental Matters—Site Remediation" of this annual report. In addition to the environmental indemnification obligations, TransMontaigne Inc. has agreed to indemnify us for any losses attributable to any breach of its representations, warranties or covenants, any retained liabilities, or any excluded assets provided that indemnifiable losses must first exceed \$100,000 and total indemnification is generally limited to \$15.0 million. We have agreed to indemnify TransMontaigne Inc. for any losses attributable to any breach of our representations, warranties or covenants or the operations of the Brownsville and River facilities following our acquisition of them, including any environmental liabilities occurring after December 31, 2006, to the extent not subject to TransMontaigne Inc.'s indemnification obligations.

Under the purchase agreement for the Southeast facilities, TransMontaigne Inc. has agreed to indemnify us for certain environmental liabilities, discussed under Item 1. "Business and Properties—Environmental Matters—Site Remediation" of this annual report. In addition to the environmental indemnification obligations, TransMontaigne Inc. has agreed to indemnify us for any losses attributable to any breach of its representations, warranties or covenants, any retained liabilities, or any excluded assets provided that indemnifiable losses must first exceed \$500,000 and total indemnification is generally limited to \$15.0 million. We have agreed to indemnify TransMontaigne Inc. for any losses attributable to any breach of our representations, warranties or covenants or the post-closing operations of the Southeast Terminals, including any environmental liabilities occurring after December 31, 2007, to the extent not subject to TransMontaigne Inc.'s indemnification obligations.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

KPMG LLP is our independent auditor. KPMG LLP's accounting fees and services were as follows (in thousands):

	<u>2009</u>	<u>2008</u>
Audit fees(1)	\$ 503,000	\$ 572,000
Comfort letter and consents(2)	36,000	—
Audit-related fees	—	—
Tax fees	—	—
All other fees	—	—
Total accounting fees and services	<u>\$ 539,000</u>	<u>\$ 572,000</u>

- (1) Represents fees for professional services provided in connection with the annual audit of our financial statements and internal control over financial reporting, including Sarbanes-Oxley 404 attestation, the reviews of our quarterly financial statements, and other services normally provided by the auditor in connection with statutory and regulatory filings.
- (2) For the year ended December 31, 2009, fees include approximately \$36,000 associated with our registration statement on Form S-3, as updated by the prospectus supplement dated January 12, 2010.

The audit committee of our general partner's board of directors has adopted an audit committee charter, which is available on our website at www.transmontaignepartners.com. The charter requires the audit committee to approve in advance all audit and non-audit services to be provided by our independent registered public accounting firm. All services reported in the audit, comfort letter and consents, audit-related, tax and all other fees categories above were approved by the audit committee in advance.

Part IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this annual report.

1. *Consolidated Financial Statements and Schedules:* See the index to the consolidated financial statements of TransMontaigne Partners L.P. and its subsidiaries that appears on page 64 of this annual report.
2. *Financial Statement Schedules.* Financial statement schedules are omitted because they are not required, are inapplicable or the required information is included in the financials statements or notes thereto.
3. *Exhibits:* The following is a list of exhibits required by Item 601 of Regulation S-K to be filed as part of this annual report:

<u>Exhibit Number</u>	<u>Description</u>
2.1	Facilities Sale Agreement, dated as of December 29, 2006, by and between TransMontaigne Product Services Inc. and TransMontaigne Partners L.P. (incorporated by reference to Exhibit 2.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on January 5, 2007).

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10.1	Amended and Restated Senior Secured Credit Facility, dated December 22, 2006, by and among TransMontaigne Operating Company L.P., a Delaware limited partnership, Wachovia Capital Markets, LLC, as sole lead arranger, manager and book-runner, Bank of America, N.A. and JPMorgan Chase Bank, N.A., as syndication agents, BNP Paribas and Société Générale, as the documentation agents, Wachovia Bank, National Association, as administrative agent, and the other lenders a party thereto (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on January 5, 2007).
10.2	First Amendment to Amended and Restated Senior Secured Credit Facility, dated July 12, 2007, by and among TransMontaigne Operating Company L.P., a Delaware limited partnership, Bank of America, N.A. and JPMorgan Chase Bank, N.A., as syndication agents, BNP Paribas and Société Générale, as the documentation agents, Wachovia Bank, National Association, as administrative agent, and the other lenders a party thereto (incorporated by reference to Exhibit 10.1 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on July 18, 2007).
10.3	Increased Commitment Supplement, dated July 12, 2007, by and among TransMontaigne Operating Company L.P., Wachovia Bank, National Association, as administrative agent, and the other lenders a party thereto (incorporated by reference to Exhibit 10.2 of the Current Report on Form 8-K filed by TransMontaigne Partners L.P. with the SEC on July 18, 2007).
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10.6	TransMontaigne Services Inc. Long-Term Incentive Plan (incorporated by reference to Exhibit 10.5 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on September 13, 2005).**
10.7	Registration Rights Agreement, dated May 27, 2005, by and between TransMontaigne Partners L.P. and MSDW Morgan Stanley Strategic Investments, Inc. (formerly MSDW Bondbook Ventures Inc.) (incorporated by reference to Exhibit 10.7 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on September 13, 2005).
10.8	Form of TransMontaigne Services Inc. Long-Term Incentive Plan Employee Restricted Unit Agreement (incorporated by reference to Exhibit 10.8 of Amendment No. 3 to TransMontaigne Partners L.P.'s Registration Statement on Form S-1 (Registration No. 333-123219) filed on May 24, 2005).**
10.9	Form of TransMontaigne Services Inc. Long-Term Incentive Plan Non-Employee Director Restricted Unit Agreement (incorporated by reference to Exhibit 10.9 of Amendment No. 3 to TransMontaigne Partners L.P.'s Registration Statement on Form S-1 (Registration No. 333-123219) filed on May 24, 2005).**
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10.12	Terminating Services Agreement, dated March 1, 2006, between TransMontaigne Product Services, Inc. and Valero Marketing and Supply Company, assigned to TransMontaigne Partners L.P., effective December 29, 2006 (incorporated by reference to Exhibit 10.13 of the Annual report on Form 10-K filed by TransMontaigne partners L.P. with the SEC on March 16, 2007).(1)
10.13	Terminating Services Agreement, dated June 1, 2007, between TransMontaigne Partners L.P. and Morgan Stanley Capital Group Inc. (incorporated by reference to Exhibit 10.1 of the Quarterly Report on Form 10-Q filed by TransMontaigne Partners L.P. with the SEC on August 9, 2007).(1)
10.14	Terminating Services Agreement—Southeast and Collins/Purvis, dated January 1, 2008, between TransMontaigne Partners L.P. and Morgan Stanley Capital Group Inc. (incorporated by reference to Exhibit 10.16 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on March 10, 2008).(1)
10.15	Indemnification Agreement, dated December 28, 2007, among TransMontaigne Inc., TransMontaigne Partners L.P., TransMontaigne GP L.L.C., TransMontaigne Operating GP L.L.C. and TransMontaigne Operating Company L.P. (incorporated by reference to Exhibit 10.17 of the Annual Report on Form 10-K filed by TransMontaigne Partners L.P. with the SEC on March 10, 2008).

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Exhibit Number	Description
21.1*	List of Subsidiaries of TransMontaigne Partners L.P.
23.1*	Consent of Independent Registered Public Accounting Firm.
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
<hr/>	
*	Filed with this annual report.
**	Identifies each management compensation plan or arrangement.
(1)	Certain portions of this exhibit have been omitted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 24b-2 as promulgated under the Securities Exchange Act of 1934.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TRANSMONTAIGNE PARTNERS L.P.

By: TRANSMONTAIGNE GP L.L.C., its General
Partner

By: /s/ CHARLES L. DUNLAP

Charles L. Dunlap
Chief Executive Officer

Date: March 8, 2010

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities with TransMontaigne GP L.L.C., the general partner of the registrant, on the date indicated.

<u>Name and Signature</u>	<u>Title</u>	<u>Date</u>
<u> /s/ CHARLES L. DUNLAP </u> Charles L. Dunlap	Chief Executive Officer	March 8, 2010
<u> /s/ GREGORY J. POUND </u> Gregory J. Pound	President and Chief Operating Officer	March 8, 2010
<u> /s/ FREDERICK W. BOUTIN </u> Frederick W. Boutin	Executive Vice President, Chief Financial Officer and Treasurer	March 8, 2010
<u> /s/ DEBORAH A. DAVIS </u> Deborah A. Davis	Senior Vice President and Chief Accounting Officer	March 8, 2010
<u> /s/ STEPHEN R. MUNGER </u> Stephen R. Munger	Chairman of the Board of Directors	March 8, 2010
<u> /s/ RANDALL P. O'CONNOR </u> Randall P. O'Connor	Director	March 8, 2010
<u> /s/ GORAN TRAPP </u> Goran Trapp	Director	March 8, 2010

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<u>Name and Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ HENRY M. KUCHTA</u> Henry M. Kuchta	Director	March 8, 2010
<u>/s/ JERRY R. MASTERS</u> Jerry R. Masters	Director	March 8, 2010
<u>/s/ DAVID A. PETERS</u> David A. Peters	Director	March 8, 2010

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**	Identifies each management compensation plan or arrangement.
(1)	Certain portions of this exhibit have been omitted and filed separately with the Commission pursuant to a request for confidential treatment under Rule 24b-2 as promulgated under the Securities Exchange Act of 1934.

**FIRST AMENDMENT
TO
FIRST AMENDED AND RESTATED AGREEMENT
OF LIMITED PARTNERSHIP OF
TRANSMONTAIGNE PARTNERS L.P.**

THIS FIRST AMENDMENT to First Amended and Restated Agreement of Limited Partnership of TransMontaigne Partners L.P. ("First Amendment") dated as of January 23, 2006 is entered into by TransMontaigne GP L.L.C., a Delaware limited liability company (the "Company"), as the General Partner, of TransMontaigne Partners L.P., a Delaware limited partnership (the "Partnership"). In consideration of the covenants, conditions and agreements contained herein, the parties hereto hereby agree as follows:

R E C I T A L S:

A. The Company previously entered into the First Amended and Restated Agreement of Limited Partnership of TransMontaigne Partners L.P., effective as of May 27, 2005 (the "Partnership Agreement").

B. The Company has determined that it is in the best interests of the Partnership to change the Partnership's fiscal year, for financial and tax reporting purposes, from June 30 to December 31, effective as of December 31, 2005.

C. Pursuant to Section 13.1(e) of the Partnership Agreement, the Company, as General Partner of the Partnership, without the approval of any partner, has the authority to amend the Partnership Agreement to reflect a change in the fiscal year or taxable year of the Partnership and any other changes the Company, as General Partner of the Partnership, determines to be necessary or appropriate as a result of a change in the fiscal year or taxable year of the Partnership.

NOW, THEREFORE, in consideration of the premises and the covenants, conditions, and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

1. **Definitions.** Capitalized terms, unless otherwise defined herein, shall have the meanings ascribed thereto in the Partnership Agreement.
2. **Change in Fiscal Year.** Section 8.2 of the Partnership Agreement is hereby amended by deleting the reference to "June 30" therein and inserting in lieu thereof "December 31."
4. **Effective Time.** This First Amendment shall be effective as of December 31, 2005, notwithstanding the date of execution hereof.
5. **Governing Law.** This First Amendment shall be subject to and governed by the laws of the State of Colorado, excluding any conflicts-of-law rule or principle that might refer the construction or interpretation of this First Amendment to the laws of another state.

Except as otherwise amended herein, the remaining terms and provisions of the Partnership Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Company has executed this First Amendment as of the date above set forth.

TRANSMONTAIGNE GP L.L.C., general
partner of TransMontaigne Partners L.P.

By: /s/ ERIK B. CARLSON

Name: Erik B. Carlson

Title: Senior Vice President

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[Exhibit 3.3](#)

[FIRST AMENDMENT TO FIRST AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF TRANSMONTAIGNE PARTNERS L.P.](#)
[RECITALS](#)

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Exhibit 21.1

List of Subsidiaries of TransMontaigne Partners L.P. at December 31, 2009

Ownership of subsidiary	Name of subsidiary	Trade name	State/Country of organization
100	%TransMontaigne Operating GP L.L.C.	None	Delaware
100	%TransMontaigne Terminals L.L.C.	None	Delaware
100	%TLP Finance Corp.	None	Delaware
100	%TLP Mex L.L.C.	None	Delaware
100	%TPSI Terminals L.L.C.	None	Delaware
100	%TransMontaigne Operating Company L.P.	None	Delaware
100	%Razorback L.L.C.	None	Delaware
100	%TLP Operating Finance Corp.	None	Delaware
100	%TMOG Corp.	None	Delaware
100	%TPME L.L.C.	None	Delaware
100	%Penn Octane de Mexico, S. de R.L.de C.V.	None	Mexico
100	%Tergas, S. de R.L. de C.V.	None	Mexico
100	%Termatsal, S. de R.L. de C.V.	None	Mexico

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[Exhibit 21.1](#)

[List of Subsidiaries of TransMontaigne Partners L.P. at December 31, 2009](#)

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Member
TransMontaigne GP L.L.C.:

We consent to the incorporation by reference in the registration statements (Nos. 333-125209 and 333-148280) on Form S-8 and registration statement (No. 333-142108) on Form S-3 of TransMontaigne Partners L.P. (the Partnership) of our reports dated March 8, 2010, relating to the consolidated balance sheets of TransMontaigne Partners L.P. and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations, partners' equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2009, and the effectiveness of internal control over financial reporting as of December 31, 2009, which reports appear in the December 31, 2009 Form 10-K of TransMontaigne Partners L.P.

Our report with respect to the consolidated financial statements refers to the Partnership's adoption of Emerging Issues Task Force Issue 07-4, *Application of the Two-Class Method Under FASB Statement No. 128 to Master Limited Partnerships* (FASB Accounting Standards Codification 260), effective January 1, 2009.

KPMG LLP

Denver, Colorado
March 8, 2010

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[Exhibit 23.1](#)

[Consent of Independent Registered Public Accounting Firm](#)

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Charles L. Dunlap, Chief Executive Officer of TransMontaigne GP L.L.C., a Delaware limited liability company and general partner of TransMontaigne Partners L.P. (the "Company"), certify that:

1. I have reviewed this Annual Report on Form 10-K of TransMontaigne Partners L.P. for the fiscal year ended December 31, 2009;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2010

/s/ CHARLES L. DUNLAP

Charles L. Dunlap

Chief Executive Officer

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[Exhibit 31.1](#)

[Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)

**Certification Pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Frederick W. Boutin, Chief Financial Officer of TransMontaigne GP L.L.C., a Delaware limited liability company and general partner of TransMontaigne Partners L.P. (the "Company"), certify that:

1. I have reviewed this Annual Report on Form 10-K of TransMontaigne Partners L.P. for the fiscal year ended December 31, 2009;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 8, 2010

/s/ FREDERICK W. BOUTIN

Frederick W. Boutin
Chief Financial Officer

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[Exhibit 31.2](#)

[Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)

**Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)**

The undersigned, the Chief Executive Officer of TransMontaigne GP L.L.C., a Delaware limited liability company and general partner of TransMontaigne Partners L.P. (the "Company"), hereby certifies that, to his knowledge on the date hereof:

- (a) the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2009, filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ CHARLES L. DUNLAP

Charles L. Dunlap
Chief Executive Officer

March 8, 2010

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[Exhibit 32.1](#)

[Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(18 U.S.C. Section 1350\)](#)

**Certification of Chief Executive Officer and Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. Section 1350)**

The undersigned, the Chief Financial Officer of TransMontaigne GP L.L.C., a Delaware limited liability company and general partner of TransMontaigne Partners L.P. (the "Company"), hereby certifies that, to his knowledge on the date hereof:

- (a) the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2009, filed on the date hereof with the Securities and Exchange Commission (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ FREDERICK W. BOUTIN

Frederick W. Boutin
Chief Financial Officer

March 8, 2010

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[Exhibit 32.2](#)

[Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(18 U.S.C. Section 1350\)](#)