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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2011

OR

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

Commission File Number: 001-32505

TRANSMONTAIGNE PARTNERS L.P.

(Exact name of registrant as specified in its charter)

Delaware	**34-2037221**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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 o

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 o

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 o	Accelerated filer ☒	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

As of October 31, 2011, there were 14,457,066 units of the registrant's Common Limited Partner Units outstanding.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, 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 herein regarding the prospects for our business or any of our services;
- 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 herein 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 that could cause actual results to differ materially from our expectations and may adversely affect our business and results of operations, include, but are not limited to those risk factors set forth in this report in Part II. Other Information under the heading "Item 1A. Risk Factors."

Part I. Financial Information

ITEM 1. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The interim unaudited consolidated financial statements of TransMontaigne Partners L.P. as of and for the three and nine months ended September 30, 2011 are included herein beginning on the following page. The accompanying interim unaudited consolidated financial statements should be read in conjunction with our consolidated financial statements and related notes for the year ended December 31, 2010, together with our discussion and analysis of financial condition and results of operations, included in our Annual Report on Form 10-K filed on March 10, 2011 with the Securities and Exchange Commission (File No. 001-32505).

TransMontaigne Partners L.P. is a holding company with the following active wholly-owned subsidiaries as of September 30, 2011:

- TransMontaigne Operating GP L.L.C.
- TransMontaigne Operating Company L.P.
- TransMontaigne Terminals L.L.C.
- Razorback L.L.C. (d/b/a Diamondback Pipeline L.L.C.)
- TPSI Terminals L.L.C.
- TMOC Corp.
- TLP Operating Finance Corp.
- TPME L.L.C.
- TLP Mex L.L.C.
- Penn Octane de Mexico, S. de R.L. de C.V.
- Termatsal, S. de R.L. de C.V.

- Tergas, S. de R.L. de C.V.

The above omits non-operating subsidiaries that, considered in the aggregate, do not constitute significant subsidiaries as of September 30, 2011. We do not have off-balance-sheet arrangements (other than operating leases) or special-purpose entities.

TransMontaigne Partners L.P. and subsidiaries

Consolidated balance sheets (unaudited)

(In thousands)

	September 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,270	$ 5,353
Trade accounts receivable, net	4,955	5,998
Due from affiliates	3,368	4,150
Other current assets	5,112	7,013
Total current assets	18,705	22,514
Property, plant and equipment, net	431,301	452,402
Goodwill	8,725	16,232
Investment in joint venture	25,905	—
Other assets, net	31,908	23,158
	$ 516,544	$ 514,306
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable	$ 8,357	$ 9,931
Due to affiliates	—	168
Accrued liabilities	21,192	19,642
Total current liabilities	29,549	29,741
Other liabilities	15,558	17,749
Long-term debt	120,000	122,000
Total liabilities	165,107	169,490
Partners' equity:		
Common unitholders	295,678	289,632
General partner interest	56,341	55,533
Accumulated other comprehensive loss	(582)	(349)
Total partners' equity	351,437	344,816
	$ 516,544	$ 514,306

See accompanying notes to consolidated financial statements.

TransMontaigne Partners L.P. and subsidiaries

Consolidated statements of operations (unaudited)

(In thousands, except per unit amounts)

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Revenue:				
External customers	$ 10,802	$ 12,293	$ 34,534	$ 35,739
Affiliates	26,283	25,206	78,519	75,696
Total revenue	37,085	37,499	113,053	111,435
Operating costs and expenses and other:				
Direct operating costs and expenses	(16,490)	(14,838)	(48,703)	(43,935)
Direct general and administrative expenses	(1,060)	(622)	(3,240)	(2,196)
Allocated general and administrative expenses	(2,616)	(2,578)	(7,849)	(7,734)
Allocated insurance expense	(823)	(796)	(2,468)	(2,388)
Reimbursement of bonus awards	(313)	(313)	(938)	(939)
Depreciation and amortization	(6,873)	(7,006)	(20,733)	(20,832)
Gain on disposition of assets	—	—	9,576	—
Equity in net loss of joint venture	(285)	—	(52)	—
Operating income	8,625	11,346	38,646	33,411
Other income (expenses):				
Interest income	—	1	—	7
Interest expense	(670)	(1,189)	(2,944)	(3,699)
Foreign currency transaction gain (loss)	(102)	20	(65)	31
Unrealized gain on derivative instruments	—	341	1,250	727
Amortization of deferred financing costs	(187)	(150)	(867)	(450)
Total other expenses, net	(959)	(977)	(2,626)	(3,384)
Net earnings	7,666	10,369	36,020	30,027
Less—earnings allocable to general partner interest including incentive distribution rights	(1,007)	(784)	(3,213)	(2,357)
Net earnings allocable to limited partners	$ 6,659	$ 9,585	$ 32,807	$ 27,670
Net earnings per limited partner unit—basic	$ 0.46	$ 0.66	$ 2.27	$ 1.93
Net earnings per limited partner unit—diluted	$ 0.46	$ 0.66	$ 2.27	$ 1.93
Weighted average limited partner units outstanding—basic	14,442	14,446	14,442	14,344
Weighted average limited partner units outstanding—diluted	14,453	14,461	14,454	14,355

See accompanying notes to consolidated financial statements.

TransMontaigne Partners L.P. and subsidiaries

Consolidated statements of partners' equity and comprehensive income (unaudited)

Year ended December 31, 2010 and nine months ended September 30, 2011

(In thousands, except unit amounts)

	Common unitholders	General partner interest	Accumulated other comprehensive loss	Total
Balance December 31, 2009	**$ 249,160**	**$ 54,434**	**$ (469)**	**$ 303,125**
Proceeds from offering of 2,012,500 common units, net of underwriters' discounts and offering expenses of $2,562	50,971	—	—	50,971
Contribution of cash by TransMontaigne GP to maintain its 2% general partner interest	—	1,093	—	1,093
Distributions to unitholders	(34,567)	(3,011)	—	(37,578)
Deferred equity-based compensation related to restricted phantom units	385	—	—	385
Purchase of 19,435 common units by our long-term incentive plan and from affiliate	(542)	—	—	(542)
Issuance of 14,000 common units by our long-term incentive plan due to vesting of restricted phantom units	—	—	—	—
Net earnings for year ended December 31, 2010	24,225	3,017	—	27,242
Foreign currency translation adjustments	—	—	120	120
Comprehensive income				27,362
Balance December 31, 2010	**289,632**	**55,533**	**(349)**	**344,816**
Distributions to unitholders	(26,598)	(2,873)	—	(29,471)
Deferred equity-based compensation related to restricted phantom units	312	—	—	312
Purchase of 12,002 common units by our long-term incentive plan and from affiliate	(475)	—	—	(475)
Acquisition of Pensacola Terminal from TransMontaigne Inc. in exchange for $12.8 million	—	468	—	468
Issuance of 11,392 common units by our long-term incentive plan due to vesting of restricted phantom units	—	—	—	—
Net earnings for nine months ended September 30, 2011	32,807	3,213	—	36,020
Foreign currency translation adjustments	—	—	(233)	(233)
Comprehensive income				35,787
Balance September 30, 2011	**$ 295,678**	**$ 56,341**	**$ (582)**	**$ 351,437**

See accompanying notes to consolidated financial statements.

TransMontaigne Partners L.P. and subsidiaries

Consolidated statements of cash flows (unaudited)

(In thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Cash flows from operating activities:				
Net earnings	$ 7,666	$ 10,369	$ 36,020	$ 30,027
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	6,873	7,006	20,733	20,832
Gain on disposition of assets	—	—	(9,576)	—
Equity in net loss of joint venture	285	—	52	—
Distributions received from joint venture	657	—	657	—
Deferred equity-based compensation	107	98	312	287
Amortization of deferred financing costs	187	150	867	450
Unrealized gain on derivative instruments	—	(341)	(1,250)	(727)
Amortization of deferred revenue	(1,134)	(986)	(3,372)	(2,778)
Amounts due under long-term terminaling services agreements, net	(119)	292	(414)	(421)
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:				
Trade accounts receivable, net	(1,347)	(2,034)	1,406	(728)
Due from affiliates	(229)	826	2,032	2,118
Other current assets	1,099	(576)	1,851	945
Trade accounts payable	(1,979)	(1,120)	(4,431)	(3,472)
Due to affiliates	(74)	146	(111)	32
Accrued liabilities	1,534	1,887	2,778	1,981
Net cash provided by operating activities	13,526	15,717	47,554	48,546
Cash flows from investing activities:				
Acquisition of terminal facilities	—	—	(12,781)	(1,633)
Additions to investment in land	(3,894)	—	(7,005)	—
Additions to property, plant and equipment—expansion of facilities	(2,613)	(3,197)	(12,048)	(12,437)
Additions to property, plant and equipment—maintain existing facilities	(1,527)	(1,841)	(4,749)	(3,992)
Contributions to joint venture	(21)	—	(1,021)	—
Proceeds in return for contribution of assets to joint venture	—	—	25,593	—
Other	—	(716)	—	(710)
Net cash used in investing activities	(8,055)	(5,754)	(12,011)	(18,772)
Cash flows from financing activities:				
Net proceeds from issuance of common units	—	—	—	50,971
Contribution of cash by TransMontaigne GP	—	—	—	1,093
Net borrowings (repayments) of debt	4,500	(2,000)	(2,000)	(57,000)
Deferred debt issuance costs	—	—	(3,575)	—
Distributions paid to unitholders	(9,976)	(9,382)	(29,471)	(28,119)
Purchase of common units by our long-term incentive plan and from affiliate	(308)	(331)	(475)	(455)
Net cash used in financing activities	(5,784)	(11,713)	(35,521)	(33,510)
Increase (decrease) in cash and cash equivalents	(313)	(1,750)	22	(3,736)
Foreign currency translation effect on cash	(137)	13	(105)	12
Cash and cash equivalents at beginning of period	5,720	4,581	5,353	6,568
Cash and cash equivalents at end of period	$ 5,270	$ 2,844	$ 5,270	$ 2,844
Supplemental disclosure of cash flow information:				
Cash paid for interest	$ 670	$ 1,288	$ 3,671	$ 3,964

See accompanying notes to consolidated financial statements.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited)

(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 trading, 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 September 30, 2011, TransMontaigne Inc. and Morgan Stanley have a significant interest in our partnership through their indirect ownership of a 21.7% 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: useful lives of our plant and equipment, accrued environmental obligations and determining the fair value of our reporting units when analyzing goodwill. 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 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 $2.6 million for the three months ended September 30, 2011 and 2010. The allocated general and administrative expenses were approximately $7.8 million and $7.7 million for the nine months ended September 30, 2011 and 2010, 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,

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

automobile, directors' and officers' liability, and other insurable risks. The allocated insurance charges were approximately $0.8 million for the three months ended September 30, 2011 and 2010. The allocated insurance charges were approximately $2.5 million and $2.4 million for the nine months ended September 30, 2011 and 2010, respectively. The accompanying consolidated financial statements also include reimbursement of bonus awards paid to TransMontaigne Services Inc. toward 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 $0.3 million for the three months ended September 30, 2011 and 2010. The reimbursement of bonus awards was approximately $0.9 million for the nine months ended September 30, 2011 and 2010.

(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.

Pursuant to terminaling services agreements with certain of 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. For the three months ended September 30, 2011 and 2010, we recognized revenue of approximately $3.8 million and $2.9 million, respectively, for net product gained. Within these amounts, approximately $3.4 million and $2.8 million, respectively, were pursuant to terminaling services agreements with affiliate customers. For the nine months ended September 30, 2011 and 2010, we recognized revenue of approximately $13.2 million and $8.6 million, respectively, for net product gained. Within these amounts, approximately $11.9 million and $8.1 million, respectively, were pursuant to terminaling services agreements with affiliate customers.

(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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 group may not be recoverable based on expected undiscounted future cash flows attributable to that asset group. If an asset group is impaired, the impairment loss to be recognized is the excess of the carrying amount of the asset group over its estimated fair value.

(f) Investment in joint venture

Effective as of April 1, 2011, we entered into a joint venture with P.M.I. Services North America Inc. ("PMI"), an indirect subsidiary of Petroleos Mexicanos ("Pemex"), the Mexican state-owned petroleum company, at our Brownsville, Texas terminal. We contributed approximately 1.5 million barrels of light petroleum product storage capacity, as well as related ancillary facilities, to the joint venture, also known as Frontera Brownsville LLC, in exchange for a cash payment of approximately $25.6 million and a 50% ownership interest. PMI acquired a 50% ownership interest in Frontera Brownsville LLC for a cash payment of approximately $25.6 million. We are operating the joint venture assets under an operations and reimbursement agreement executed between us and Frontera Brownsville LLC. All significant decisions affecting the business are decided by PMI and us based upon our respective 50% ownership interests.

We account for our investment in joint venture, which we do not control but do have the ability to exercise significant influence over, using the equity method of accounting. Under this method, the investment is recorded at fair value on the acquisition date, increased by our proportionate share of the joint venture's earnings and by contributions made, and decreased by our proportionate share of the joint venture's net losses and by distributions received. We evaluate our equity method investment for impairment whenever events or circumstances indicate there is a loss in value of the investment that is other than temporary. In the event of impairment, we would record a charge to earnings to adjust the carrying value to fair value.

(g) 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

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. agreed to indemnify us against certain potential environmental claims, losses and expenses that were identified on or before May 27, 2010 and that are associated with the ownership or operation of the Florida and Midwest terminal facilities prior to 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 agreed to indemnify us against certain potential environmental claims, losses and expenses that are identified on or before December 31, 2011 and that are associated with the ownership or operation of the Brownsville and River terminals prior to 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 agreed to indemnify us against certain potential environmental claims, losses and expenses that are identified on or before December 31, 2012 and that are associated with the ownership or operation of the Southeast terminals prior to 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). TransMontaigne Inc. has agreed to indemnify us against certain potential environmental claims, losses and expenses that are identified on or before March 1, 2016 and that are associated with the ownership or operation of the Pensacola terminal prior to March 1, 2011, up to a maximum liability not to exceed $2.5 million for this indemnification obligation (see Note 2 of Notes to consolidated financial statements).

(h) 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. Generally accepted accounting principles require 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 these 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 assumptions and estimates may occur as a result of the passage of time and the occurrence of future events.

(i) Equity-based compensation plan

Generally accepted accounting principles require 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

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(j) 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).

(k) Accounting for derivative instruments

Generally accepted accounting principles require 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.

We did not have any derivative instruments at September 30, 2011. At December 31, 2010, our derivative instruments were limited to an interest rate swap. We did not designate this interest rate swap as a hedge and therefore the change in the fair value of our interest rate swap is included in the consolidated statements of operations in other income (expenses). The fair value of our interest rate swap was 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 Wells Fargo Bank N.A., the counterparty, and us. Our fair value measurement of our interest rate swap utilized Level 2 inputs as defined by generally accepted accounting principles.

(l) 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, primarily 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 generally accepted accounting principles. Currently, Mexican federal and provincial income taxes and U.S. state income taxes are not significant.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Net earnings per limited partner unit

Generally accepted accounting principles 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. Any excess of distributions over earnings are allocated to the limited partners and general partner interest based on their respective sharing of losses specified in the partnership agreement, which is based on their ownership percentages of 98% and 2%, respectively. Incentive distribution rights do not share in losses under our partnership agreement. The earnings allocable to the general partner interest for the period represents distributions attributable to the period on behalf of the general partner interest and any incentive distribution rights less the excess of distributions over earnings allocated to the limited partners (see Note 15 of Notes to consolidated financial statements). 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.

(2) TRANSACTIONS WITH AFFILIATES

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, 2011, the annual administrative fee payable to TransMontaigne Inc. is approximately $10.5 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 this 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, 2011, the annual insurance reimbursement payable to TransMontaigne Inc. is approximately $3.3 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.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(2) TRANSACTIONS WITH AFFILIATES (Continued)

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, 2011, we have agreed to reimburse TransMontaigne Inc. and its affiliates approximately $1.3 million.

The omnibus agreement provided 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. We exercised this right effective as of March 1, 2011 and purchased the Pensacola terminal for cash consideration of approximately $12.8 million (see Note 3 of Notes to consolidated financial statements).

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.

Environmental Indemnification. In connection with our acquisition of the Florida and Midwest terminals, TransMontaigne Inc. agreed to indemnify us against certain potential environmental claims, losses and expenses that were identified on or before May 27, 2010, and that were associated with the ownership or operation of the Florida and Midwest terminals 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 exceeded $250,000. The deductible amount, cap amount and limitation of time for indemnification do not apply to any environmental liabilities known to exist as of May 27, 2005. 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, Texas and River terminals, TransMontaigne Inc. agreed to indemnify us against potential environmental claims, losses and expenses that are identified on or before December 31, 2011, and that are associated with the ownership or operation of the Brownsville and River facilities 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 deductible amount, cap amount and limitation of time for indemnification do not apply to any environmental liabilities known to exist as of December 31, 2006. TransMontaigne Inc. has

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(2) TRANSACTIONS WITH AFFILIATES (Continued)

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 against potential environmental claims, losses and expenses that are identified on or before December 31, 2012, and that are associated with the ownership or operation of the Southeast terminals 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 deductible amount, cap amount and limitation of time for indemnification do 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.

In connection with our acquisition of the Pensacola terminal, TransMontaigne Inc. agreed to indemnify us against potential environmental claims, losses and expenses that are identified on or before March 1, 2016, and that are associated with the ownership or operation of the Pensacola terminal prior to March 1, 2011. Our environmental losses must first exceed $200,000 and TransMontaigne Inc.'s indemnification obligations are capped at $2.5 million. The deductible amount, cap amount and limitation of time for indemnification do not apply to any environmental liabilities known to exist as of March 1, 2011. 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 March 1, 2011.

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 $36.6 million for the contract year ending May 31, 2011 (approximately $37.0 million for the contract year ending May 31, 2012); 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

(2) TRANSACTIONS WITH AFFILIATES (Continued)

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.

Terminaling Services Agreement—Fisher Island Terminal. We have a terminaling services agreement with TransMontaigne Inc. that will expire on December 31, 2011. Under this agreement, TransMontaigne Inc. agreed to throughput at our Fisher Island terminal in the Gulf Coast region a volume of fuel oils that will, at the fee schedule contained in the agreement, result in minimum revenue to us of approximately $1.8 million for the contract year ending December 31, 2011. In exchange for its minimum throughput commitment, we agreed to provide TransMontaigne Inc. with approximately 185,000 barrels of fuel oil capacity.

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, 2012 for the utilization of the light oil storage capacity at the terminal.

Terminaling Services Agreement—Mobile Terminal. We had a terminaling services agreement with TransMontaigne Inc. that terminated on December 17, 2010 with the sale of the Mobile terminal (see Note 3 of Notes to consolidated financial statements). As consideration for the early termination of the terminaling services agreement and release of TransMontaigne Inc. from its obligations thereunder, we received an early termination payment of approximately $1.3 million. Under this agreement, TransMontaigne Inc. agreed to throughput at our Mobile terminal a volume of refined products that, at the fee schedule contained in the agreement, resulted in minimum revenue to us of approximately $2.5 million for the contract year ending December 31, 2010.

Terminaling Services Agreement—Brownsville Terminals. We had a terminaling services agreement with Morgan Stanley Capital Group, relating to our Brownsville, Texas terminal complex that was terminated effective May 1, 2010. The storage capacity under this agreement is now under contract with third parties. Under this agreement, Morgan Stanley Capital Group agreed to store a specified minimum amount of fuel oils at our terminals and paid us approximately $0.4 million in 2010.

Terminaling Services Agreement—Brownsville LPG. We have a terminaling services agreement with TransMontaigne Inc. relating to our Brownsville, Texas facilities that expired on March 31, 2011 and is continuing on a month to month basis, subject to either party's right to terminate with thirty days' prior notice. 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 $1.3 million per year. In exchange for TransMontaigne Inc.'s minimum throughput commitment, we agreed to provide TransMontaigne Inc. approximately 33,000 barrels of storage capacity at our Brownsville facilities.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(2) TRANSACTIONS WITH AFFILIATES (Continued)

Terminaling Services Agreement—Matamoros LPG. We have a terminaling services agreement with TransMontaigne Inc. relating to our natural gas liquids storage facility in Matamoros, Mexico that expired on March 31, 2011 and is continuing on a month to month basis, subject to either party's right to terminate with thirty days' prior notice. In the event that the Brownsville LPG agreement between us and TransMontaigne Inc. terminates, this terminaling services agreement will also terminate. 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 had a terminaling services agreement with TransMontaigne Inc. relating to certain renewable fuels capacity at our Brownsville and River terminals that terminated on December 31, 2010. Under this agreement, TransMontaigne Inc. had agreed to throughput at these terminals certain minimum volumes of renewable fuels that, at the fee schedule contained in the agreement, resulted in minimum revenue to us of approximately $0.6 million per year. In exchange for TransMontaigne Inc.'s minimum throughput commitment, we had agreed to provide TransMontaigne Inc. approximately 116,000 barrels of storage capacity at these terminals.

Operations and Reimbursement Agreement—Frontera Brownsville LLC. Effective as of April 1, 2011, we entered into the Frontera Brownsville LLC joint venture in which we have a 50% ownership interest (see Note 3 of Notes to consolidated financial statements). In conjunction with us entering into the joint venture, we agreed to operate the joint venture, in accordance with an operations and reimbursement agreement executed between us and Frontera Brownsville LLC, for a management fee that is based on our costs incurred. Our agreement with Frontera Brownsville LLC stipulates that we may resign as the operator at any time with the prior written consent of Frontera Brownsville LLC, or that we may be removed as the operator for good cause, which includes material noncompliance with laws and material failure to adhere to good industry practice regarding health, safety or environmental matters. For the three and nine months ended September 30, 2011, we recognized approximately $0.6 million and $1.2 million, respectively, of revenue related to this operations and reimbursement agreement.

Terminaling Services Agreement—Southeast Terminals. We have a terminaling 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 $34.7 million for the contract year ending December 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. In exchange for its minimum throughput commitment, we agreed to provide Morgan Stanley Capital Group approximately 8.9 million barrels of light oil storage capacity at our Southeast terminals. Under this agreement we also agreed to undertake certain capital projects to provide ethanol blending functionality at certain of

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(2) TRANSACTIONS WITH AFFILIATES (Continued)

our Southeast terminals with completion dates that extended through August 31, 2011. Upon completion of each of the projects, Morgan Stanley Capital Group has agreed to pay us a lump-sum ethanol blending fee. Through September 30, 2011, we had received payments totaling approximately $22.5 million and we expect to receive future payments through November 30, 2011 from Morgan Stanley Capital Group of approximately $0.6 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.

Terminaling Services Agreement—Collins/Purvis Terminal. 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 and for each contract year thereafter. 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. These capital projects were completed and placed into service in June and July 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.

(3) TERMINAL ACQUISITIONS AND DISPOSITIONS

Acquisition of Pensacola Terminal. Effective as of March 1, 2011, we acquired from TransMontaigne Inc. its Pensacola, Florida refined petroleum products terminal with approximately 270,000 barrels of aggregate active storage capacity for a cash payment of approximately $12.8 million. The Pensacola terminal provides integrated terminaling services principally to a third party customer. The acquisition of the Pensacola terminal from TransMontaigne Inc. has been recorded at carryover basis in a manner similar to a reorganization of entities under common control. As

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(3) TERMINAL ACQUISITIONS AND DISPOSITIONS (Continued)

TransMontaigne Inc. controls our general partner, the difference between the consideration we paid to TransMontaigne Inc. and the carryover basis of the net assets purchased has been reflected in the accompanying consolidated balance sheet and changes in partners' equity as an increase to the general partner's equity interest. The accompanying consolidated financial statements include the assets, liabilities and results of operations of the Pensacola Terminal from March 1, 2011.

The carryover basis in the assets and liabilities of the Pensacola terminal as of March 1, 2011 is as follows (in thousands):

Cash and cash equivalents	$ 1
Other current assets	61
Property, plant and equipment, net	13,232
Accrued liabilities	(45)
Total carryover basis	$ 13,249

Acquisition of Collins and Bainbridge Terminals. On April 27, 2010, we purchased from BP Products North America Inc. ("BP"), two refined product terminals with approximately 60,000 barrels and 110,000 barrels of aggregate active storage capacity in Collins, Mississippi and Bainbridge, Georgia, respectively, for cash consideration of approximately $1.6 million. We previously managed and operated these two refined product terminals that are adjacent to our Collins and Bainbridge terminals and received a reimbursement of their proportionate share of operating and maintenance costs. These two refined product terminals currently provide integrated terminaling services to Morgan Stanley Capital Group. The accompanying consolidated financial statements include the assets, liabilities and results of operations of these assets from April 27, 2010.

Contribution of Certain Brownsville, Texas Terminal Assets to a Joint Venture. Effective as of April 1, 2011, we entered into a joint venture with P.M.I. Services North America Inc. ("PMI"), an indirect subsidiary of Petroleos Mexicanos ("Pemex"), the Mexican state-owned petroleum company, at our Brownsville, Texas terminal. We contributed approximately 1.5 million barrels of light petroleum product storage capacity, as well as related ancillary facilities, to the joint venture, also known as Frontera Brownsville LLC, in exchange for a cash payment of approximately $25.6 million and a 50% ownership interest. PMI acquired a 50% ownership interest in Frontera Brownsville LLC for a cash payment of approximately $25.6 million. We are operating the joint venture assets under an operations and reimbursement agreement executed between us and Frontera Brownsville LLC. We continue to own and operate approximately 1.0 million barrels of tankage in Brownsville independent of the joint venture.

The assets contributed to the joint venture constitute a business that we no longer control. We accounted for the deconsolidation of these assets by recognizing a gain on disposition of assets of approximately $9.6 million in the accompanying consolidated statement of operations for the nine months ended September 30, 2011. The gain was measured as the difference between the carrying amount of the contributed assets and the aggregate of the cash we received and the fair value of the 50% interest we retained in the joint venture. At the time of our contribution of assets to the joint

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(3) TERMINAL ACQUISITIONS AND DISPOSITIONS (Continued)

venture, the carrying amount of the contributed assets was approximately $41.6 million and consisted of the following as of April 1, 2011 (in thousands):

Other current assets	$ 98
Property, plant and equipment, net	33,244
Goodwill	7,481
Other assets, net—customer relationships, net	787
Total carrying amount	$ 41,610

We account for our investment in Frontera Brownsville LLC, which we do not control but do have the ability to exercise significant influence over, using the equity method of accounting. Under this method, the investment was initially recorded at the fair value of our 50% ownership interest on April 1, 2011.

Disposition of Mobile Terminal. On December 17, 2010, we sold our Mobile terminal with approximately 163,000 barrels of aggregate active storage capacity to an unaffiliated third party for cash proceeds of approximately $3.9 million. The accompanying consolidated financial statements exclude the assets, liabilities and results of operations of these assets subsequent to December 17, 2010.

(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):

	September 30, 2011	December 31, 2010
Trade accounts receivable	$ 5,255	$ 6,308
Less allowance for doubtful accounts	(300)	(310)
	$ 4,955	$ 5,998

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

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

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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Morgan Stanley Capital Group	65%	61%	64%	61%

(5) OTHER CURRENT ASSETS

Other current assets are as follows (in thousands):

	September 30, 2011	December 31, 2010
Amounts due from insurance companies	$ 2,914	$ 4,102
Additive detergent	1,827	1,754
Deposits and other assets	371	1,157
	$ 5,112	$ 7,013

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 September 30, 2011 and December 31, 2010, we have recognized amounts due from insurance companies of approximately $2.9 million and $4.1 million, respectively, representing our best estimate of our probable insurance recoveries. During the three and nine months ended September 30, 2011, we received reimbursements from insurance companies of approximately $0.4 million and $1.0 million, respectively. During the three and nine months ended September 30, 2011, we decreased our estimate of insurance recoveries approximately $0.4 million and $0.2 million, respectively, to reflect a decrease in our estimate of our future environmental remediation obligations (see Note 9 of Notes to consolidated financial statements).

(6) PROPERTY, PLANT AND EQUIPMENT, NET

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

	September 30, 2011	December 31, 2010
Land	$ 52,646	$ 50,527
Terminals, pipelines and equipment	519,110	517,098
Furniture, fixtures and equipment	1,480	1,353
Construction in progress	6,669	16,391
	579,905	585,369
Less accumulated depreciation	(148,604)	(132,967)
	$ 431,301	$ 452,402

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(7) GOODWILL

Goodwill is as follows (in thousands):

	September 30, 2011	December 31, 2010
Brownsville terminals (includes approximately $66 and $40, respectively, of foreign currency translation adjustments)	$ 8,725	$ 16,232

The acquisition of the Brownsville 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 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 terminals.

Included in the Brownsville terminals' operating segment are the results of the Mexican LPG operations. 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. Goodwill of approximately $1.5 million was recorded and represents the excess of our adjusted purchase price over the fair value of the identifiable assets acquired attributable to the Mexican LPG operations.

Effective as of April 1, 2011, we entered into a joint venture with PMI. We contributed approximately 1.5 million barrels of light petroleum product storage capacity, as well as related ancillary facilities, to the joint venture, also known as Frontera Brownsville LLC, in exchange for a cash payment of approximately $25.6 million and a 50% ownership interest. We continue to own and operate approximately 1.0 million barrels of tankage in Brownsville independent of the joint venture (see Note 3 of Notes to consolidated financial statements). The assets contributed to the joint venture constitute a business that we no longer control. As a result, at the time of our contribution of assets to the joint venture, the approximate $7.5 million carrying amount of goodwill associated with the contributed assets was disposed. The carrying amount of goodwill disposed was based on the relative fair values of the contributed assets and the portion of Brownsville assets retained by us independent of the joint venture. The fair value of the contributed assets was determined based on the cash payment made by PMI to acquire a 50% interest in Frontera Brownsville LLC multiplied by two. The fair value of the assets retained in Brownsville independent of the joint venture was estimated using a discounted cash flow model, similar to the model we use to evaluate the recovery of goodwill on at least an annual basis.

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. Management exercises judgment in determining the estimated fair values of Partners' reporting units.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(8) OTHER ASSETS, NET

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

	September 30, 2011	December 31, 2010
Amounts due under long-term terminaling services agreements:		
External customers	$ 695	$ 749
Morgan Stanley Capital Group	4,092	4,028
	4,787	4,777
Deferred financing costs, net of accumulated amortization of $374 and $3,032, respectively	3,306	598
Customer relationships, net of accumulated amortization of $1,029 and $1,336, respectively	1,401	2,363
Investment in land	22,139	15,134
Deposits and other assets	275	286
	$ 31,908	$ 23,158

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 September 30, 2011 and December 31, 2010, we have recognized revenue in excess of the minimum payments that are due through those respective dates under the long-term terminaling services agreements resulting in an asset of approximately $4.8 million.

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).

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. The carryover basis of the customer relationships is being amortized on a straight-line basis over twelve years.

Investment in land. On November 18, 2010, we acquired approximately 190 acres of undeveloped land on the Houston Ship Channel (the "BOSTCO project"). At September 30, 2011 and December 31, 2010, our total costs incurred to acquire and prepare the land for its future development were approximately $22.1 million and $15.1 million, respectively. On October 18, 2011, we sold a 50% interest in the BOSTCO project to a subsidiary of Kinder Morgan Energy Partners, L.P., or Kinder Morgan. The BOSTCO project intends to design and develop a 6.5 million barrel black oil storage terminal. As discussed at Note (18) Subsequent Events, it is likely that we may sell our 50% interest in the BOSTCO project to Kinder Morgan before the Phase I construction begins.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(9) ACCRUED LIABILITIES

Accrued liabilities are as follows (in thousands):

	September 30, 2011	December 31, 2010
Customer advances and deposits:		
External customers	$ 1,363	$ 939
Morgan Stanley Capital Group	5,970	5,736
	7,333	6,675
Accrued property taxes	3,358	532
Accrued environmental obligations	3,532	5,085
Interest payable	202	204
Rebate due to Morgan Stanley Capital Group	3,972	3,011
Unrealized loss on derivative instruments	—	1,250
Accrued expenses and other	2,795	2,885
	$ 21,192	$ 19,642

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 September 30, 2011 and December 31, 2010, we have billed and collected from certain of our customers approximately $7.3 million and $6.7 million, respectively, in advance of the terminaling services being provided.

Accrued environmental obligations. At September 30, 2011 and December 31, 2010, we have accrued environmental obligations of approximately $3.5 million and $5.1 million, respectively, representing our best estimate of our remediation obligations. During the three and nine months ended September 30, 2011, we made payments of approximately $0.5 million and $1.4 million, respectively, towards our environmental remediation obligations. During the three and nine months ended September 30, 2011, we decreased our remediation obligations by approximately $0.4 million and $0.2 million, respectively, 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.

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 September 30, 2011 and December 31, 2010, we have accrued a liability due to Morgan Stanley Capital Group of approximately $4.0 million and $3.0 million, respectively. During the three months ended March 31, 2011, we paid Morgan Stanley Capital Group approximately $3.0 million for the rebate due to Morgan Stanley Capital Group for the year ended December 31, 2010.

Unrealized loss on derivative instruments. Prior to June 2011, our derivative instruments were limited to an interest rate swap agreement with a notional amount of $150.0 million. Our interest rate swap agreement expired in June 2011. The interest rate swap reduced our cash exposure to changes in interest rates by converting variable interest rates to fixed interest rates. Pursuant to the terms of the interest rate swap agreement, we paid a fixed rate of approximately 2.2% and received an interest payment based on the one-month LIBOR. The net difference to be paid or received under the interest rate swap agreement was settled monthly and was recognized as an adjustment to interest expense.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(9) ACCRUED LIABILITIES (Continued)

During the three months ended September 30, 2010, we recognized net payments to the counterparty in the amount of approximately $0.7 million as an adjustment to interest expense. During the nine months ended September 30, 2011 and 2010, we recognized net payments to the counterparty in the amount of approximately $1.3 million and $2.1 million, respectively, as an adjustment to interest expense. At September 30, 2011 and December 31, 2010, the fair value of the interest rate swap was $nil and approximately $1.3 million, respectively. The change in fair value of approximately $1.3 million has been reflected as an unrealized gain on derivative instruments in our accompanying consolidated statements of operations for the nine months ended September 30, 2011.

(10) OTHER LIABILITIES

Other liabilities are as follows (in thousands):

	September 30, 2011	December 31, 2010
Advance payments received under long-term terminaling services agreements:		
External customers	$ 1,121	$ 1,139
Morgan Stanley Capital Group	46	432
	1,167	1,571
Deferred revenue—ethanol blending fees and other projects	14,391	16,178
	$ 15,558	$ 17,749

Advance payments received under long-term terminaling services agreements. We have long-term terminaling services agreements with certain of our customers that provide for advance minimum payments. We recognize the advance minimum payments as revenue either on a straight-line basis over the term of the respective agreements or when services have been provided based on volumes of product distributed. At September 30, 2011 and December 31, 2010, we have received advance minimum payments in excess of revenue recognized under these long-term terminaling services agreements resulting in a liability of approximately $1.2 million and $1.6 million, respectively.

Deferred revenue—ethanol blending fees and other projects. Pursuant to agreements with Morgan Stanley Capital Group and others, we agreed to undertake certain capital projects that primarily pertain to providing ethanol blending functionality at certain of our Southeast terminals. Upon completion of the projects, Morgan Stanley Capital Group and others have agreed to pay us lump-sum amounts that will be recognized as revenue on a straight-line basis over the remaining term of the agreements. At September 30, 2011 and December 31, 2010, we have unamortized deferred revenue of approximately $14.4 million and $16.2 million, respectively, for completed projects. During the three and nine months ended September 30, 2011, we billed Morgan Stanley Capital Group and others approximately $nil and $1.6 million, respectively, for completed projects. During the three months ended September 30, 2011 and 2010, we recognized revenue on a straight-line basis of approximately $1.1 million and $1.0 million, respectively, for completed projects. During the nine months ended September 30, 2011 and 2010, we recognized revenue on a straight-line basis of approximately $3.4 million and $2.8 million, respectively, for completed projects.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(11) LONG-TERM DEBT

Amended and Restated Senior Secured Credit Facility. On March 9, 2011, we entered into an amended and restated senior secured credit facility (the "Amended Facility"). The Amended Facility replaced in its entirety the senior secured credit facility that was in place as of December 31, 2010. The Amended Facility provides for a maximum borrowing line of credit equal to the lesser of (i) $250 million and (ii) 4.75 times Consolidated EBITDA (as defined: $308.4 million at September 30, 2011). 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 Amended Facility bear interest either (i) at a rate of LIBOR plus a margin ranging from 2% to 3% depending on the total leverage ratio then in effect, or (ii) at the base rate plus a margin ranging from 1% to 2% depending on the total leverage ratio then in effect. We also pay a commitment fee on the unused amount of commitments, ranging from 0.375% to 0.5% per annum, depending on the total leverage ratio then in effect. Our obligations under the Amended Facility are secured by a first priority security interest in favor of the lenders in the majority of our assets.

The terms of the Amended Facility include covenants that restrict our ability to make cash distributions, acquisitions and investments, including investments in joint ventures. We may make distributions of cash to the extent of our "available cash" as defined in our partnership agreement. We may make acquisitions and investments that meet the definition of "permitted acquisitions"; "other investments" which may not exceed 5% of "consolidated net tangible assets"; and "permitted JV investments" which may not exceed $125 million in the aggregate and subject to us having at least $50 million in "liquidity" before and after giving effect to such joint venture investment. The principal balance of loans and any accrued and unpaid interest are due and payable in full on the maturity date, March 9, 2016.

The Amended 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 Amended Facility are (i) a total leverage ratio test (not to exceed 4.75 times), (ii) a senior secured leverage ratio test (not to exceed 3.75 times) in the event we issue senior unsecured notes, and (iii) a minimum interest coverage ratio test (not less than 3.0 times). We were in compliance with all of the covenants under the Amended Facility as of September 30, 2011.

For the three months ended September 30, 2011 and 2010, the weighted average interest rate on borrowings under the applicable credit facility was approximately 2.2% and 4.3%, respectively. For the nine months ended September 30, 2011 and 2010, the weighted average interest rate on borrowings under the applicable credit facility was approximately 3.6% and 4.2%, respectively. Weighted average interest rates include any net settlements received or paid under our interest rate swap, which was applicable during 2010 and the first six months of 2011, expiring in June 2011 (see Note 9 of Notes to consolidated financial statements). At September 30, 2011 and December 31, 2010, our outstanding borrowings under the applicable credit facility were $120 million and $122 million, respectively. At September 30, 2011 and December 31, 2010, our outstanding letters of credit were $nil at both dates.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(12) PARTNERS' EQUITY

The number of units outstanding is as follows:

	Common units	General partner units
Units outstanding at December 31, 2009	12,444,566	253,971
Public offering of common units	2,012,500	—
TransMontaigne GP to maintain its 2% general partner interest	—	41,071
Units outstanding at December 31, 2010 and September 30, 2011	14,457,066	295,042

At September 30, 2011 and December 31, 2010, common units outstanding include approximately 15,200 and 14,600 common units, respectively, held on behalf of TransMontaigne Services Inc.'s long-term incentive plan.

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 $51.0 million, after deducting underwriting discounts, commissions, and offering expenses of approximately $0.3 million. Additionally, TransMontaigne GP, our general partner, made a cash contribution of approximately $1.1 million to us to maintain its 2% general partner interest.

(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 the independent directors of our general partner. The long-term incentive plan currently permits the grant of awards covering an aggregate of 1,527,604 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 September 30, 2011, 1,293,772 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. TransMontaigne GP purchases outstanding common units on the open market for purposes of making grants of restricted phantom units to independent directors of our general partner. TransMontaigne GP, on behalf of the long-term incentive plan, anticipates purchasing annually up to approximately 7,800 common units for this purpose. TransMontaigne GP, on behalf of the long-term incentive plan, has purchased 6,110 and 6,915 common units pursuant to the program during the nine months ended September 30, 2011 and 2010, respectively. In addition to the foregoing purchases, upon the vesting of

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(13) LONG-TERM INCENTIVE PLAN (Continued)

10,000 restricted phantom units on August 10, 2011 and August 10, 2010, respectively, we purchased 5,892 and 10,000 common units, respectively, from TransMontaigne Services Inc. for the purpose of delivering these units to Charles L. Dunlap, the CEO of our general partner. These units were granted to Mr. Dunlap on August 10, 2009 under the long-term incentive plan. The amount of the units purchased for delivery to Mr. Dunlap varied based upon the method used to fund the related withholding taxes.

Information about restricted phantom unit activity for the year ended December 31, 2010 and the nine months ended September 30, 2011 is as follows:

	Available for future grant	Restricted phantom units	Grant date price
Units outstanding at December 31, 2009	765,632	56,000	
Automatic increase in units available for future grant on January 1, 2010	248,891	—	
Vesting on January 7, 2010	—	(3,500)	
Grant on March 31, 2010	(6,000)	6,000	$ 27.24
Vesting on March 31, 2010	—	(4,000)	
Vesting on August 10, 2010	—	(10,000)	
Units outstanding at December 31, 2010	1,008,523	44,500	
Automatic increase in units available for future grant on January 1, 2011	289,141	—	
Grant on March 31, 2011	(8,000)	8,000	$ 36.33
Vesting on March 31, 2011	—	(5,500)	
Vesting on August 10, 2011	—	(10,000)	
Units withheld for taxes on August 10, 2011	4,108	—	
Units outstanding at September 30, 2011	1,293,772	37,000	

On January 7, 2010, we accelerated the vesting of 3,500 restricted phantom units held by Duke R. Ligon as a result of his resignation as a member of the board of directors of our general partner and then repurchased those units for cash. The aggregate consideration paid to the former director of approximately $98,000 is included in direct general and administrative expenses for the three months ended March 31, 2010.

On March 31, 2011 and 2010, TransMontaigne Services Inc. granted 8,000 and 6,000 restricted phantom units, respectively, to the independent directors of our general partner. Over their respective four-year vesting periods, we will amortize deferred equity-based compensation of approximately $0.3 million and $0.2 million, associated with the March 2011 and March 2010 grants, respectively.

Deferred equity-based compensation of approximately $107,000 and $98,000 is included in direct general and administrative expenses for the three months ended September 30, 2011 and 2010, respectively. Deferred equity-based compensation of approximately $312,000 and $287,000 is included in direct general and administrative expenses for the nine months ended September 30, 2011 and 2010, respectively.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(14) COMMITMENTS AND CONTINGENCIES

Contract Commitments. At September 30, 2011, we have contractual commitments of approximately $17.6 million for the supply of services, labor and materials related to capital projects that currently are under development.

Operating Leases. We lease property and equipment under non-cancelable operating leases that extend through August 2030. At September 30, 2011, future minimum lease payments under these non-cancelable operating leases are as follows (in thousands):

Years ending December 31:	Property and equipment
2011 (remainder of the year)	$ 352
2012	924
2013	831
2014	797
2015	746
Thereafter	5,511
	$ 9,161

Rental expense under operating leases was approximately $300,000 and $450,000 for the three months ended September 30, 2011 and 2010, respectively. Rental expense under operating leases was approximately $0.9 million and $1.2 million for the nine months ended September 30, 2011 and 2010, respectively.

(15) NET EARNINGS PER LIMITED PARTNER UNIT

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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Net earnings	$ 7,666	$ 10,369	$ 36,020	$ 30,027
Less:				
Distributions payable on behalf of incentive distribution rights	(871)	(588)	(2,472)	(1,764)
Distributions payable on behalf of general partner interest	(183)	(177)	(546)	(531)
Earnings allocable to the general partner interest less than (in excess of) distributions payable to the general partner interest	47	(19)	(195)	(62)
Earnings allocable to general partner interest including incentive distribution rights	(1,007)	(784)	(3,213)	(2,357)
Net earnings allocable to limited partners	$ 6,659	$ 9,585	$ 32,807	$ 27,670

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

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

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

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.

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

	Distribution
January 1, 2010 through March 31, 2010	$ 0.60
April 1, 2010 through June 30, 2010	$ 0.60
July 1, 2010 through September 30, 2010	$ 0.60
October 1, 2010 through December 31, 2010	$ 0.61
January 1, 2011 through March 31, 2011	$ 0.61
April 1, 2011 through June 30, 2011	$ 0.62
July 1, 2011 through September 30, 2011	$ 0.62

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

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Basic weighted average units	14,442	14,446	14,442	14,344
Dilutive effect of restricted phantom units	11	15	12	11
Diluted weighted average units	14,453	14,461	14,454	14,355

For the three and nine months ended September 30, 2011, we included the dilutive effect of approximately 8,000, 4,500, 20,000, 3,000, 500 and 1,000 restricted phantom units granted March 31, 2011, March 31, 2010, August 10, 2009, March 31, 2009, 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 exceeded the related remaining deferred compensation per unvested restricted phantom units. For the three and nine months ended September 30, 2010, we included the dilutive effect of approximately 6,000, 30,000, 4,500, 1,000, 2,000 and 1,000 restricted phantom units granted March 31, 2010, August 10, 2009, 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 remaining 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 three and nine months ended September 30, 2011 and 2010, there were no potentially dilutive securities that were considered anti-dilutive.

(16) DISCLOSURES ABOUT FAIR VALUE

Generally accepted accounting principles define fair value, establish a framework for measuring fair value and require disclosures about fair value measurements. Generally accepted accounting

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(16) DISCLOSURES ABOUT FAIR VALUE (Continued)

principles also establish a fair value hierarchy that prioritizes the use of higher-level inputs for 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 September 30, 2011 and December 31, 2010.

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 as of December 31, 2010 was 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 Wells Fargo Bank N.A., the counterparty, and us. Our fair value measurement of our interest rate swap utilized Level 2 inputs. We did not have an interest rate swap as of September 30, 2011.

Debt. The carrying amount of the amended and restated senior secured credit facility, and its predecessor senior secured credit facility, approximates fair value since borrowings under the facilities 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. We also maintain an equity method investment in Frontera Brownsville LLC, located adjacent to our Brownsville, Texas terminals, that provides terminaling services to companies engaged in the trading, distribution and marketing of light petroleum products. Our chief operating decision maker is our general partner's CEO. Our general partner's CEO reviews the financial performance of our consolidated 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 consolidated business segments: (i) Gulf Coast terminals, (ii) Midwest terminals and pipeline system, (iii) Brownsville terminals, (iv) River terminals and (v) Southeast terminals. Our general partner's CEO reviews the financial performance of our unconsolidated business segment, which constitutes our equity method investment in the Frontera Brownsville LLC, using our proportionate share of the investment's earnings. Accordingly, we present "equity in net loss of joint venture" for our unconsolidated business segment.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(17) BUSINESS SEGMENTS (Continued)

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

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Gulf Coast Terminals:				
Terminaling services fees, net	$ 11,730	$ 11,624	$ 34,786	$ 35,006
Other	1,781	1,482	7,423	5,566
Revenue	13,511	13,106	42,209	40,572
Direct operating costs and expenses	(5,191)	(4,871)	(15,780)	(14,810)
Net margins	8,320	8,235	26,429	25,762
Midwest Terminals and Pipeline System:				
Terminaling services fees, net	949	941	2,836	2,802
Pipeline transportation fees	504	533	1,427	1,570
Other	413	522	1,521	1,426
Revenue	1,866	1,996	5,784	5,798
Direct operating costs and expenses	(534)	(503)	(1,424)	(1,196)
Net margins	1,332	1,493	4,360	4,602
Brownsville Terminals:				
Terminaling services fees, net	1,602	4,128	7,556	11,235
Pipeline transportation fees	565	641	1,815	1,982
Other	2,034	1,415	5,862	4,116
Revenue	4,201	6,184	15,233	17,333
Direct operating costs and expenses	(3,185)	(3,123)	(9,731)	(9,256)
Net margins	1,016	3,061	5,502	8,077
River Terminals:				
Terminaling services fees, net	3,171	3,725	9,078	11,123
Other	183	99	321	265
Revenue	3,354	3,824	9,399	11,388
Direct operating costs and expenses	(2,311)	(1,969)	(5,802)	(5,502)
Net margins	1,043	1,855	3,597	5,886
Southeast Terminals:				
Terminaling services fees, net	11,584	10,601	33,062	31,292
Other	2,569	1,788	7,366	5,052
Revenue	14,153	12,389	40,428	36,344
Direct operating costs and expenses	(5,269)	(4,372)	(15,966)	(13,171)
Net margins	8,884	8,017	24,462	23,173
Total net margins	20,595	22,661	64,350	67,500
Direct general and administrative expenses	(1,060)	(622)	(3,240)	(2,196)
Allocated general and administrative expenses	(2,616)	(2,578)	(7,849)	(7,734)
Allocated insurance expense	(823)	(796)	(2,468)	(2,388)
Reimbursement of bonus awards	(313)	(313)	(938)	(939)
Depreciation and amortization	(6,873)	(7,006)	(20,733)	(20,832)
Gain on disposition of assets	—	—	9,576	—
Equity in net loss of joint venture	(285)	—	(52)	—
Operating income	8,625	11,346	38,646	33,411
Other expenses, net	(959)	(977)	(2,626)	(3,384)
Net earnings	$ 7,666	$ 10,369	$ 36,020	$ 30,027

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(17) BUSINESS SEGMENTS (Continued)

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

	Three months ended September 30, 2011					
	Gulf Coast Terminals	Midwest Terminals and Pipeline System	Brownsville Terminals	River Terminals	Southeast Terminals	Total
Revenue:						
External customers	$ 3,667	$ 537	$ 2,544	$ 3,333	$ 721	$ 10,802
Morgan Stanley Capital Group	9,381	1,329	—	21	13,419	24,150
TransMontaigne Inc.	463	—	1,025	—	13	1,501
Frontera Brownsville LLC	—	—	632	—	—	632
Total revenue	$ 13,511	$ 1,866	$ 4,201	$ 3,354	$ 14,153	$ 37,085
Identifiable assets	$ 144,597	$ 12,247	$ 42,579	$ 59,408	$ 192,026	$ 450,857
Capital expenditures	$ 186	$ 228	$ 215	$ 616	$ 2,895	$ 4,140

	Three months ended September 30, 2010					
	Gulf Coast Terminals	Midwest Terminals and Pipeline System	Brownsville Terminals	River Terminals	Southeast Terminals	Total
Revenue:						
External customers	$ 2,792	$ 426	$ 5,040	$ 3,247	$ 788	$ 12,293
Morgan Stanley Capital Group	9,264	1,570	—	507	11,601	22,942
TransMontaigne Inc.	1,050	—	1,144	70	—	2,264
Frontera Brownsville LLC	—	—	—	—	—	—
Total revenue	$ 13,106	$ 1,996	$ 6,184	$ 3,824	$ 12,389	$ 37,499
Identifiable assets	$ 144,181	$ 11,331	$ 80,225	$ 61,545	$ 184,861	$ 482,143
Capital expenditures	$ 1,364	$ 61	$ 1,212	$ 88	$ 2,313	$ 5,038

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(17) BUSINESS SEGMENTS (Continued)

	Nine months ended September 30, 2011					
	Gulf Coast Terminals	Midwest Terminals and Pipeline System	Brownsville Terminal	River Terminals	Southeast Terminals	Total
Revenue:						
External customers	$ 10,456	$ 1,771	$ 10,795	$ 9,326	$ 2,186	$ 34,534
Morgan Stanley Capital Group	30,374	4,013	—	73	38,203	72,663
TransMontaigne Inc.	1,379	—	3,204	—	39	4,622
Frontera Brownsville LLC	—	—	1,234	—	—	1,234
Total revenue	$ 42,209	$ 5,784	$ 15,233	$ 9,399	$ 40,428	$ 113,053
Identifiable assets	$ 144,597	$ 12,247	$ 42,579	$ 59,408	$ 192,026	$ 450,857
Capital expenditures	$ 806	$ 233	$ 1,379	$ 1,408	$ 12,971	$ 16,797

	Nine months ended September 30, 2010					
	Gulf Coast Terminals	Midwest Terminals and Pipeline System	Brownsville Terminal	River Terminals	Southeast Terminals	Total
Revenue:						
External customers	$ 8,549	$ 1,404	$ 13,555	$ 9,730	$ 2,501	$ 35,739
Morgan Stanley Capital Group	28,695	4,394	31	1,460	33,843	68,423
TransMontaigne Inc.	3,328	—	3,747	198	—	7,273
Frontera Brownsville LLC	—	—	—	—	—	—
Total revenue	$ 40,572	$ 5,798	$ 17,333	$ 11,388	$ 36,344	$ 111,435
Identifiable assets	$ 144,181	$ 11,331	$ 80,225	$ 61,545	$ 184,861	$ 482,143
Capital expenditures	$ 4,111	$ 61	$ 5,208	$ 47	$ 9,127	$ 18,554

(18) SUBSEQUENT EVENT

Subsequent to September 30, 2011, Morgan Stanley informed us that it would not, for the foreseeable future, approve our continued participation in the BOSTCO project at such time as the Phase I construction is commenced. As a result, it is likely that we may sell our 50% interest in the BOSTCO project to Kinder Morgan in accordance with the provisions of our agreement with Kinder Morgan before the Phase I construction begins. Pursuant to the provisions of our agreement with Kinder Morgan, if we sell our 50% interest to Kinder Morgan, we will receive an option to purchase 50% of Kinder Morgan's interest in the BOSTCO project at any time before the first anniversary of the date we sell our remaining interest to Kinder Morgan. In light of Morgan Stanley's determination that for the foreseeable future, it does not expect to approve any "significant" acquisition or investment that we may propose, we are currently unable to predict whether we will be able to exercise this purchase option.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A summary of the significant accounting policies that we have adopted and followed in the preparation of our consolidated financial statements is detailed in our consolidated financial statements for the year ended December 31, 2010, included in our Annual Report on Form 10-K filed on March 10, 2011 (see Note 1 of Notes to consolidated financial statements). Certain of these accounting policies require the use of estimates. The following estimates, in management's opinion, are subjective in nature, require the exercise of judgment, and involve complex analyses: useful lives of our plant and equipment, accrued environmental obligations and determining the fair value of our reporting units when analyzing goodwill. These estimates are based on our knowledge and understanding of current conditions and actions 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.

SIGNIFICANT DEVELOPMENTS DURING THE THREE MONTHS ENDED SEPTEMBER 30, 2011

On July 18, 2011, we announced a distribution of $0.62 per unit for the period from April 1, 2011 through June 30, 2011, payable on August 9, 2011 to unitholders of record on July 29, 2011.

On July 19, 2011, we announced that we had entered into agreements for the construction and operation of 1.0 million barrels of crude oil storage adjacent to Blueknight Energy Partners L.P.'s (BKEP) Cushing, Oklahoma facility. We will lease a portion of the land at BKEP's Cushing facility and construct storage tanks and associated infrastructure on that property for the receipt, blending and storage of 1.0 million barrels of crude oil. We will cooperate with BKEP on the design and construction of the facility. BKEP will provide operational services for us under a long-term operating agreement and provide connectivity between our facility and the Cushing market through BKEP's existing facility and infrastructure. We have entered into a long-term terminaling services agreement with Morgan Stanley Capital Group for the use of the facility. Construction of the facility is expected to be completed in the second quarter of 2012. Anticipated cost of the project is less than $25 million.

SUBSEQUENT EVENTS

On October 17, 2011, we announced a distribution of $0.62 per unit for the period from July 1, 2011 through September 30, 2011, payable on November 8, 2011 to unitholders of record on October 31, 2011.

Morgan Stanley, which indirectly controls our general partner, has recently informed us that for the foreseeable future, it does not expect to approve any "significant" acquisition or investment that we may propose. Morgan Stanley's decision is the result of the uncertain regulatory environment relating to Morgan Stanley's status as a financial holding company subject to the Bank Holding Company Act, or BHC Act, and consolidated supervision by the Board of Governors of the Federal Reserve System, or FRB. In particular, as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act (including the proposed Volcker Rule issued in October 2011), Morgan Stanley is subject to significantly revised and expanded regulation and supervision, to more intensive scrutiny of its businesses and any plans for expansion of those businesses, and to new activities limitations. As we previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010, the Dodd-Frank Act and the mandates it includes for further regulatory actions are part of a trend to increase regulatory supervision of the financial industry. As a result of this trend, including further legislative and/or regulatory changes, Morgan Stanley's ability or business strategy to own and operate our general partner and to operate Partners may be adversely affected.

Subsequent to September 30, 2011, Morgan Stanley determined that we cannot continue to pursue the development of the BOSTCO project at such time as the Phase I construction is commenced. (See Note 8 of Notes to consolidated financial statements). Morgan Stanley informed us that its determination with respect to the BOSTCO project was the product of the same factors as led to Morgan Stanley's decision not to approve any "significant" acquisition or investment that we may propose. As demonstrated by Morgan Stanley's determination with respect to the BOSTCO project, we anticipate that Morgan Stanley's decision will significantly constrain our ability to grow our business as we have previously disclosed we were seeking to do. We cannot currently predict how Morgan Stanley's decision and any such regulatory developments will otherwise affect Morgan Stanley's commodities business or the growth or development of our business, our financial condition or results of operations, or how significant any such effects could be. Further discussion of the impact of this decision by Morgan Stanley is set forth under the caption "Item 1A. Risk Factors," below. In addition, further discussion of the potential impacts of the uncertain regulatory environment relating to Morgan Stanley's status as a financial holding company subject to the BHC Act, as amended by the Dodd-Frank Act, and to consolidated supervision by the FRB are discussed in more detail in "Item 1A. Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2010, filed on March 10, 2011.

On November 7, 2011, Morgan Stanley Capital Group extended its minimum throughput commitment at our Mt. Vernon, Missouri and Rogers, Arkansas terminals from May 31, 2012 to May 31, 2014. As a result of this extension, Morgan Stanley Capital Group agreed to throughput a volume of refined product that will result in minimum throughput payments to us of approximately $2.5 million for each contract year, plus additional revenue based on the volume of product shipped on the Razorback pipeline.

RESULTS OF OPERATIONS—THREE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

The following discussion and analysis of the results of operations and financial condition should be read in conjunction with the accompanying unaudited consolidated financial statements.

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

	Three months ended September 30,	
	2011	2010
Terminaling services fees, net	$ 29,036	$ 31,019
Pipeline transportation fees	1,069	1,174
Management fees and reimbursed costs	1,126	527
Other	5,854	4,779
Revenue	$ 37,085	$ 37,499

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 consolidated 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 consolidated business segments was as follows (in thousands):

Total Revenue by Consolidated Business Segment

	Three months ended September 30, 2011	Three months ended September 30, 2010
Gulf Coast terminals	$ 13,511	$ 13,106
Midwest terminals and pipeline system	1,866	1,996
Brownsville terminals	4,201	6,184
River terminals	3,354	3,824
Southeast terminals	14,153	12,389
Revenue	$ 37,085	$ 37,499

Total revenue by consolidated business segment is presented and further analyzed below by category of revenue.

Terminaling Services Fees, Net. Pursuant to terminaling services agreements with our customers, which range from one month to seven 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 consolidated business segments were as follows (in thousands):

Terminaling Services Fees, Net, by Consolidated Business Segment

	Three months ended September 30, 2011	Three months ended September 30, 2010
Gulf Coast terminals	$ 11,730	$ 11,624
Midwest terminals and pipeline system	949	941
Brownsville terminals	1,602	4,128
River terminals	3,171	3,725
Southeast terminals	11,584	10,601
Terminaling services fees, net	$ 29,036	$ 31,019

The decrease in terminaling services fees, net includes a decrease of approximately $2.3 million at our Brownsville terminals resulting from the contributed product storage capacity to the Frontera Brownsville LLC joint venture and a decrease of approximately $0.6 million at certain of our River terminals due to unsubscribed capacity. These decreases have been partially offset by an increase in terminaling service fees, net of approximately $1.0 million resulting from newly constructed tank capacity placed into service in June and July of 2011 at our Collins/Purvis complex in the Southeast region.

Included in terminaling services fees, net for the three months ended September 30, 2011 and 2010 are fees recognized from agreements with Morgan Stanley Capital Group of approximately $19.8 million and $19.3 million, respectively, and TransMontaigne Inc. of approximately $0.9 million and $1.5 million, respectively.

Our terminaling services agreements are structured as either throughput agreements or storage agreements. Most of our 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

	Three months ended September 30, 2011	Three months ended September 30, 2010
Firm commitments:		
External customers	$ 7,907	$ 9,155
Affiliates	20,752	20,694
Total	28,659	29,849
Variable:		
External customers	450	1,075
Affiliates	(73)	95
Total	377	1,170
Terminaling services fees, net	$ 29,036	$ 31,019

At September 30, 2011, the remaining terms on the terminaling services agreements that generated "firm commitments" for the three months ended September 30, 2011 were as follows (in thousands):

	At September 30, 2011
Remaining terms on terminaling services agreements that generated "firm commitments":	
Less than 1 year remaining	$ 3,905
1 year or more, but less than 3 years remaining	11,194
3 years or more, but less than 5 years remaining	12,525
5 years or more remaining	1,035
Total firm commitments for the three months ended September 30, 2011	$ 28,659

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 Consolidated Business Segment

	Three months ended September 30, 2011	Three months ended September 30, 2010
Gulf Coast terminals	$ —	$ —
Midwest terminals and pipeline system	504	533
Brownsville terminals	565	641
River terminals	—	—
Southeast terminals	—	—
Pipeline transportation fees	$ 1,069	$ 1,174

Included in pipeline transportation fees for the three months ended September 30, 2011 and 2010 are fees charged to Morgan Stanley Capital Group of approximately $0.5 million and $0.5 million, respectively, and TransMontaigne Inc. of approximately $0.6 million and $0.7 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. Effective as of April 1, 2011, we entered into the Frontera Brownsville LLC joint venture. We manage and operate the joint venture and receive a management fee based on our costs incurred. The management fees and reimbursed costs by consolidated business segments were as follows (in thousands):

Management Fees and Reimbursed Costs by Consolidated Business Segment

	Three months ended September 30, 2011	Three months ended September 30, 2010
Gulf Coast terminals	$ 20	$ 34
Midwest terminals and pipeline system	—	—
Brownsville terminals	1,106	492
River terminals	—	—
Southeast terminals	—	1
Management fees and reimbursed costs	$ 1,126	$ 527

Included in management fees and reimbursed costs for the three months ended September 30, 2011 and 2010 are fees charged to Frontera Brownsville LLC of approximately $0.6 million and $nil, respectively.

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

	Three months ended September 30, 2011	Three months ended September 30, 2010
Product gains, net	$ 3,833	$ 2,902
Steam heating fees	1,016	851
Product transfer services	225	360
Railcar handling	166	138
Other	614	528
Other revenue	$ 5,854	$ 4,779

For the three months ended September 30, 2011 and 2010, we sold approximately 43,800 and 42,000 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 $121 and $86 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. For the three months ended September 30, 2011 and 2010, we have accrued a liability due to Morgan Stanley Capital Group of approximately $1.5 million and $0.7 million, respectively.

Included in other revenue for the three months ended September 30, 2011 and 2010 are amounts charged to Morgan Stanley Capital Group of approximately $3.9 million and $3.1 million, respectively, and TransMontaigne Inc. of approximately $nil and $0.1 million, respectively.

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

Other Revenue by Consolidated Business Segment

	Three months ended September 30, 2011	Three months ended September 30, 2010
Gulf Coast terminals	$ 1,761	$ 1,448
Midwest terminals and pipeline system	413	522
Brownsville terminals	928	923
River terminals	183	99
Southeast terminals	2,569	1,787
Other revenue	$ 5,854	$ 4,779

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

	Three months ended September 30, 2011	Three months ended September 30, 2010
Wages and employee benefits	$ 5,362	$ 5,507
Utilities and communication charges	1,779	1,845
Repairs and maintenance	5,689	4,188
Office, rentals and property taxes	1,619	1,775
Vehicles and fuel costs	317	272
Environmental compliance costs	987	785
Other	737	466
Direct operating costs and expenses	$ 16,490	$ 14,838

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

Direct Operating Costs and Expenses by Consolidated Business Segment

	Three months ended September 30, 2011	Three months ended September 30, 2010
Gulf Coast terminals	$ 5,191	$ 4,871
Midwest terminals and pipeline system	534	503
Brownsville terminals	3,185	3,123
River terminals	2,311	1,969
Southeast terminals	5,269	4,372
Direct operating costs and expenses	$ 16,490	$ 14,838

The accompanying consolidated financial statements include direct general and administrative expenses of our operations primarily for accounting and legal costs associated with annual and quarterly reports and tax return and Schedule K-1 preparation and distribution, independent director fees and deferred equity-based compensation. The direct general and administrative expenses were approximately $1.1 million and $0.6 million for the three months ended September 30, 2011 and 2010, respectively.

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 were approximately $2.6 million and $2.6 million for the three months ended September 30, 2011 and 2010, 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' liability, and other insurable risks. The allocated insurance expenses were approximately $0.8 million and $0.8 million for the three months ended September 30, 2011 and 2010, 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 reimbursement of bonus awards was approximately $0.3 million and $0.3 million for the three months ended September 30, 2011 and 2010, respectively.

For the three months ended September 30, 2011 and 2010, depreciation and amortization expense was approximately $6.9 million and $7.0 million, respectively.

RESULTS OF OPERATIONS—NINE MONTHS ENDED SEPTEMBER 30, 2011 AND 2010

The following discussion and analysis of the results of operations and financial condition should be read in conjunction with the accompanying unaudited consolidated financial statements.

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

	Nine months ended September 30,	
	2011	2010
Terminaling services fees, net	$ 87,318	$ 91,458
Pipeline transportation fees	3,242	3,552
Management fees and reimbursed costs	2,709	1,581
Other	19,784	14,844
Revenue	$ 113,053	$ 111,435

The aggregate revenue of each of our consolidated business segments was as follows (in thousands):

Total Revenue by Consolidated Business Segment

	Nine months ended September 30,	
	2011	2010
Gulf Coast terminals	$ 42,209	$ 40,572
Midwest terminals and pipeline system	5,784	5,798
Brownsville terminals	15,233	17,333
River terminals	9,399	11,388
Southeast terminals	40,428	36,344
Revenue	$ 113,053	$ 111,435

Terminaling Services Fees, Net. Pursuant to terminaling services agreements with our customers, which range from one month to seven 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 consolidated business segments were as follows (in thousands):

Terminaling Services Fees, Net, by Consolidated Business Segment

	Nine months ended September 30,	
	2011	2010
Gulf Coast terminals	$ 34,786	$ 35,006
Midwest terminals and pipeline system	2,836	2,802
Brownsville terminals	7,556	11,235
River terminals	9,078	11,123
Southeast terminals	33,062	31,292
Terminaling services fees, net	$ 87,318	$ 91,458

The decrease in terminaling services fees, net includes a decrease of approximately $4.2 million at our Brownsville terminals resulting from the contributed product storage capacity to the Frontera Brownsville LLC joint venture and a decrease of approximately $1.7 million at certain of our River terminals due to unsubscribed capacity. These decreases have been partially offset by an increase in terminaling service fees, net of approximately $1.3 million resulting from newly constructed tank capacity placed into service in June and July of 2011 at our Collins/Purvis complex in the Southeast region and approximately $0.5 million resulting from the completion of ethanol blending functionality at certain of our Southeast terminals.

Included in terminaling services fees, net for the nine months ended September 30, 2011 and 2010 are fees recognized from agreements with Morgan Stanley Capital Group of approximately $57.8 million and $57.3 million, respectively, and TransMontaigne Inc. of approximately $2.8 million and $4.9 million, respectively.

Our terminaling services agreements are structured as either throughput agreements or storage agreements. Most of our 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

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Firm commitments:		
External customers	$ 24,839	$ 26,492
Affiliates	60,617	62,312
Total	85,456	88,804
Variable:		
External customers	1,991	2,736
Affiliates	(129)	(82)
Total	1,862	2,654
Terminaling services fees, net	$ 87,318	$ 91,458

At September 30, 2011, the remaining terms on the terminaling services agreements that generated "firm commitments" for the nine months ended September 30, 2011 were as follows (in thousands):

	At September 30, 2011
Remaining terms on terminaling services agreements that generated "firm commitments":	
Less than 1 year remaining	$ 13,539
1 year or more, but less than 3 years remaining	33,411
3 years or more, but less than 5 years remaining	37,212
5 years or more remaining	1,294
Total firm commitments for the nine months ended September 30, 2011	$ 85,456

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 consolidated business segments were as follows (in thousands):

Pipeline Transportation Fees by Consolidated Business Segment

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Gulf Coast terminals	$ —	$ —
Midwest terminals and pipeline system	1,427	1,570
Brownsville terminals	1,815	1,982
River terminals	—	—
Southeast terminals	—	—
Pipeline transportation fees	$ 3,242	$ 3,552

Included in pipeline transportation fees for the nine months ended September 30, 2011 and 2010 are fees charged to Morgan Stanley Capital Group of approximately $1.4 million and $1.6 million, respectively, and TransMontaigne Inc. of approximately $1.8 million and $2.0 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. Effective as of April 1, 2011, we entered into the Frontera Brownsville LLC joint venture. We manage and operate the joint venture and receive a management fee based on our costs incurred. Prior to April 27, 2010, we also managed and operated for another major oil company two terminals that are adjacent to our Southeast facilities and received a reimbursement of their proportionate share of operating and maintenance costs. On April 27, 2010, we purchased the two terminals that were adjacent to our Southeast facilities. The management fees and reimbursed costs by consolidated business segments were as follows (in thousands):

Management Fees and Reimbursed Costs by Consolidated Business Segment

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Gulf Coast terminals	$ 55	$ 74
Midwest terminals and pipeline system	—	—
Brownsville terminals	2,654	1,388
River terminals	—	—
Southeast terminals	—	119
Management fees and reimbursed costs	$ 2,709	$ 1,581

Included in management fees and reimbursed costs for the nine months ended September 30, 2011 and 2010 are fees charged to Frontera Brownsville LLC of approximately $1.2 million and $nil, respectively.

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

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Product gains, net	$ 13,191	$ 8,558
Steam heating fees	3,270	3,263
Product transfer services	878	929
Railcar handling	459	443
Other	1,986	1,651
Other revenue	$ 19,784	$ 14,844

For the nine months ended September 30, 2011 and 2010, we sold approximately 141,900 and 114,300 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 $121 and $90 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. For the nine months ended September 30, 2011 and 2010, we have accrued a liability due to Morgan Stanley Capital Group of approximately $4.0 million and $1.7 million, respectively.

Included in other revenue for the nine months ended September 30, 2011 and 2010 are amounts charged to Morgan Stanley Capital Group of approximately $13.5 million and $9.5 million, respectively, and TransMontaigne Inc. of approximately $nil and $0.4 million, respectively.

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

Other Revenue by Consolidated Business Segment

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Gulf Coast terminals	$ 7,368	$ 5,492
Midwest terminals and pipeline system	1,521	1,426
Brownsville terminals	3,208	2,728
River terminals	321	265
Southeast terminals	7,366	4,933
Other revenue	$ 19,784	$ 14,844

ANALYSIS OF COSTS AND EXPENSES

Costs and Expenses. The direct operating costs and expenses of our operations were as follows (in thousands):

Direct Operating Costs and Expenses

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Wages and employee benefits	$ 16,712	$ 16,912
Utilities and communication charges	6,016	6,119
Repairs and maintenance	15,109	10,627
Office, rentals and property taxes	5,105	5,379
Vehicles and fuel costs	1,068	992
Environmental compliance costs	2,967	2,627
Other	1,726	1,279
Direct operating costs and expenses	$ 48,703	$ 43,935

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

Direct Operating Costs and Expenses by Consolidated Business Segment

	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Gulf Coast terminals	$ 15,780	$ 14,810
Midwest terminals and pipeline system	1,424	1,196
Brownsville terminals	9,731	9,256
River terminals	5,802	5,502
Southeast terminals	15,966	13,171
Direct operating costs and expenses	$ 48,703	$ 43,935

The direct general and administrative expenses were approximately $3.2 million and $2.2 million for the nine months ended September 30, 2011 and 2010, respectively.

The allocated general and administrative expenses were approximately $7.8 million and $7.7 million for the nine months ended September 30, 2011 and 2010, respectively.

The allocated insurance expenses were approximately $2.5 million and $2.4 million for the nine months ended September 30, 2011 and 2010, respectively.

The reimbursement of bonus awards was approximately $0.9 million and $0.9 million for the nine months ended September 30, 2011 and 2010, respectively.

For the nine months ended September 30, 2011 and 2010, depreciation and amortization expense was approximately $20.7 million and $20.8 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Our primary liquidity needs are to fund our working capital requirements and distributions to unitholders, approved capital projects and approved future expansion, development and acquisition opportunities. Further discussion of Morgan Stanley's current position with respect to approval of any proposed acquisitions and investments is set forth under the captions "Item 2—Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Developments During the Three Months Ended September 30, 2011" and "Item 1A. Risk Factors." We believe that we will be able to generate sufficient cash from operations in the future to fund our working capital requirements and our distributions to unitholders. We expect to initially fund our approved capital projects and our approved future expansion, development and acquisition opportunities with additional borrowings under our amended and restated senior secured credit facility, which replaced our existing senior secured credit facility effective March 9, 2011 (See Note 11 of Notes to consolidated financial statements). After initially funding expenditures for approved capital projects and approved future expansion, development and acquisition opportunities with borrowings under our amended and restated senior secured credit facility, we may raise funds through additional equity offerings and debt financing, which may include the issuance of senior unsecured notes. The proceeds of such equity offerings and debt financings may then be used to reduce our outstanding borrowings under our amended and restated senior secured credit facility.

Excluding acquisitions and investments, our capital expenditures for the nine months ended September 30, 2011 were approximately $16.8 million for terminal and pipeline facilities and assets to support these facilities. Management and the board of directors of our general partner have approved expansion capital projects that currently are or will be under construction with estimated completion dates that extend through June 30, 2012. At September 30, 2011, the remaining capital expenditures to complete the approved expansion capital projects are estimated to range from $21 million to $24 million. We expect to fund our expansion capital expenditures with additional borrowings under our amended and restated senior secured credit facility. The budgeted expansion capital projects include the following:

Terminal	Description of project	Incremental storage capacity (in Bbls)	Expected completion
Cushing, OK	Crude oil tank capacity	1,000,000	1st half 2012

Effective as of March 1, 2011, we acquired from TransMontaigne Inc. its Pensacola, Florida refined petroleum products terminal with approximately 270,000 barrels of aggregate active storage capacity for a cash payment of approximately $12.8 million (See Note 3 of Notes to consolidated financial statements). We funded the Pensacola terminal purchase with additional borrowings under our senior secured credit facility.

Effective as of April 1, 2011, we entered into a joint venture with P.M.I. Services North America Inc. ("PMI"), an indirect subsidiary of Petroleos Mexicanos ("Pemex"), the Mexican state-owned petroleum company, at our Brownsville, Texas terminal. We contributed approximately 1.5 million barrels of light petroleum product storage capacity, as well as related ancillary facilities, to the joint venture, also known as Frontera Brownsville LLC, in exchange for a cash payment of approximately $25.6 million and a 50% ownership interest (See Note 3 of Notes to consolidated financial statements). We used the $25.6 million in cash proceeds to pay down outstanding borrowings under our amended and restated senior secured credit facility. We anticipate receiving a cash distribution from the joint venture on a quarterly basis. The amount of the cash distribution is dependent on the quarterly operations of the joint venture.

Our amended and restated senior secured credit facility that became effective March 9, 2011 provides for a maximum borrowing line of credit equal to $250 million. At September 30, 2011, our outstanding borrowings were $120 million. In addition, at our request, the maximum borrowings under the facility 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. Future expansion, development and acquisition expenditures will depend on numerous factors, including approval by Morgan Stanley; 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.

Amended and Restated Senior Secured Credit Facility. On March 9, 2011, we entered into an amended and restated senior secured credit facility (the "Amended Facility"). The Amended Facility replaced in its entirety the senior secured credit facility that was in place as of December 31, 2010. The Amended Facility provides for a maximum borrowing line of credit equal to the lesser of (i) $250 million and (ii) 4.75 times Consolidated EBITDA (as defined: $308.4 million at September 30, 2011). 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 Amended Facility bear interest either (i) at a rate of LIBOR plus a margin ranging from 2% to 3% depending on the total leverage ratio then in effect, or (ii) at the base rate plus a margin ranging from 1% to 2% depending on the total leverage ratio then in effect. We also pay a commitment fee on the unused amount of commitments, ranging from 0.375% to 0.5% per annum, depending on the total leverage ratio then in effect. Our obligations under the Amended Facility are secured by a first priority security interest in favor of the lenders in the majority of our assets.

The terms of the Amended Facility include covenants that restrict our ability to make cash distributions, acquisitions and investments, including investments in joint ventures. We may make distributions of cash to the extent of our "available cash" as defined in our partnership agreement. We may make acquisitions and investments that meet the definition of "permitted acquisitions"; "other investments" which may not exceed 5% of "consolidated net tangible assets"; and "permitted JV investments" which may not exceed $125 million in the aggregate and subject to us having at least $50 million in "liquidity" before and after giving effect to such joint venture investment. The principal balance of loans and any accrued and unpaid interest are due and payable in full on the maturity date, March 9, 2016.

The Amended 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 Amended Facility are (i) a total leverage ratio test (not to exceed 4.75 times), (ii) a senior secured leverage ratio test (not to exceed 3.75 times) in the event we issue senior unsecured notes, and (iii) a minimum interest coverage ratio test (not less than 3.0 times). These financial covenants are based on a defined financial performance measure within the Amended Facility known as

"Consolidated EBITDA." The calculation of the "total leverage ratio" and "interest coverage ratio" contained in the Amended Facility is as follows (in thousands, except ratios):

	Three months ended				Twelve months ended
	December 31, 2010	March 31, 2011	June 30, 2011	September 30, 2011	September 30, 2011
Financial performance debt covenant test:					
Consolidated EBITDA for the total leverage ratio, as stipulated in the credit facility	$ 14,160	$ 19,568	$ 14,746	$ 16,445	$ 64,919
Consolidated funded indebtedness					$ 120,000
Total leverage ratio					1.85x
Consolidated EBITDA for the interest coverage ratio	$ 14,160	$ 19,568	$ 14,746	$ 16,445	$ 64,919
Consolidated interest expense, as stipulated in the credit facility	$ 1,145	$ 1,199	$ 1,075	$ 670	$ 4,089
Interest coverage ratio					15.88x
Reconciliation of consolidated EBITDA to cash flows provided by operating activities:					
Consolidated EBITDA	$ 14,160	$ 19,568	$ 14,746	$ 16,445	$ 64,919
Consolidated interest expense	(1,145)	(1,199)	(1,075)	(670)	(4,089)
Amortization of deferred revenue	(1,039)	(1,104)	(1,134)	(1,134)	(4,411)
Amounts due under long-term terminaling services agreements, net	414	(108)	(187)	(119)	—
Change in operating assets and liabilities	5,749	(2,432)	6,953	(996)	9,274
Cash flows provided by operating activities	$ 18,139	$ 14,725	$ 19,303	$ 13,526	$ 65,693

If we were to fail either financial performance covenant, or any other covenant contained in the Amended 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 Amended Facility, and the lenders would be entitled to declare all outstanding borrowings immediately due and payable.

We believe that our future cash expected to be provided by operating activities, available borrowing capacity under our amended and restated senior secured credit facility, and our relationship with institutional lenders and equity investors should enable us to meet our committed capital and our essential liquidity requirements through at least the maturity date of our amended and restated senior secured credit facility (March 2016).

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information contained in this Item 3 updates, and should be read in conjunction with, information set forth in Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2010, in addition to the interim unaudited consolidated financial statements, accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations presented in Part 1, Items 1 and 2 of this Quarterly Report on Form 10-Q. There are no material changes in the market risks faced by us from those reported in our Annual Report on Form 10-K for the year ended December 31, 2010.

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 amended and restated senior secured credit facility. Borrowings under our amended and restated senior secured credit facility bear interest at a variable rate based on LIBOR or the lender's base rate. At

September 30, 2011, we had outstanding borrowings of $120 million under our amended and restated senior secured credit facility. Based on the outstanding balance of our variable-interest-rate debt at September 30, 2011 and assuming market interest rates increase or decrease by 100 basis points, the potential annual increase or decrease in interest expense is $1.2 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 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 nine months ended September 30, 2011 and 2010, we sold approximately 141,900 and 114,300 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 $121 and $90 per barrel, respectively.

ITEM 4. 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 September 30, 2011, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, the Certifying Officers concluded that, as of September 30, 2011, our disclosure controls and procedures were effective. There were no changes in our internal control over financial reporting that occurred during our most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

ITEM 1A. RISK FACTORS

Numerous risk factors, discussed in more detail in "Item 1A. Risk Factors," in our Annual Report on Form 10-K for the year ended December 31, 2010, filed on March 10, 2011, which risk factors are expressly incorporated into this report by reference, are important factors that could cause actual results to differ materially from our expectations and may adversely affect our business and results of operations. In addition to the risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2010, the following new risk factors could also cause actual results to differ materially from our expectations and may adversely affect our business and results of operations.

Morgan Stanley has recently informed us that, for the foreseeable future, it does not expect to approve any "significant" acquisition or investment that we may propose, which will severely constrain or curtail our ability to grow our business.

Morgan Stanley, which indirectly controls our general partner, has recently informed us that for the foreseeable future, it does not expect to approve any "significant" acquisition or investment that we may propose. Morgan Stanley's decision is the result of the uncertain regulatory environment relating to Morgan Stanley's status as a financial holding company subject to the Bank Holding Company Act, or BHC Act, as amended by the Dodd-Frank Wall Street Reform and Consumer Protection Act, or Dodd-Frank Act, and consolidated supervision by the Board of Governors of the Federal Reserve System, or FRB. In particular, as a result of the Dodd-Frank Act (including the proposed Volcker Rule), Morgan Stanley is subject to significantly revised and expanded regulation and supervision, to more intensive scrutiny of its businesses and any plans for expansion of those businesses, and to new activities limitations. Because our general partner is indirectly owned and controlled by Morgan Stanley and TransMontaigne Partners L.P. is indirectly controlled by Morgan Stanley, we and our general partner are also subject to and affected by such supervision and regulation. We are currently unable to predict how the impact of Morgan Stanley's decision and such regulatory developments will affect Morgan Stanley's commodities business or the growth or development of our business and results of operations. As discussed below, however, a sustained material decrease in our ability to pursue opportunities for future growth could materially adversely affect the price of our common units.

Together, Morgan Stanley Capital Group and TransMontaigne Inc. are our largest customer and we receive a substantial majority of our revenue from them. Material changes to Morgan Stanley's commodities business, if any, as a result of the changing regulatory environment may have a material adverse impact on our business.

Together, Morgan Stanley Capital Group and TransMontaigne Inc. are our largest customer and we receive a substantial majority of our revenue from them. As noted above, we and our general partner, are subject to and affected by significantly revised and expanded regulation and supervision, and there is considerable uncertainty in this regulatory environment, including the interpretation of the "Volcker Rule," as proposed in October 2011. We are unable to predict what the final version of the Volcker Rule will be or the impact it may have on Morgan Stanley's business, including its commodities business. Material changes to Morgan Stanley's commodities business, if any, resulting from the changing regulatory environment may have a material adverse impact on our business, financial condition and results of operations.

Although we cannot predict whether such circumstances will result in any material changes to Morgan Stanley's commodities business, if any such changes occur, they may have a material adverse impact on our business. For example, if Morgan Stanley Capital Group's or TransMontaigne Inc.'s commodities business were to change as a result of the changing regulatory environment such that they would be unable to renew our terminaling services agreements or utilize our terminals and facilities at current levels, we would need to seek new or expanded terminaling relationships with new customers or our other existing customers. We cannot be certain that we would be able to replace all of the revenues on account of capacity currently used by Morgan Stanley Capital Group and TransMontaigne Inc. at or prior to the termination of our current agreements. In addition, depending on market and other conditions, we may have to accept agreements with new customers on terms that are less favorable to us than the terms of our current agreements with Morgan Stanley Capital Group and TransMontaigne Inc. Additionally, we may incur costs for modifications to our terminals required by new customers. Any of these factors may adversely affect our ability to generate sufficient additional revenue and income to replace all of the revenue and income we earn under our current agreements, which may materially adversely affect our financial condition and results of operations.

If we do not make acquisitions, any future growth of our business will be limited and the price of our limited partnership units may decline.

Our ability to grow has been 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. Morgan Stanley has recently informed us that for the foreseeable future, it does not expect to approve any "significant" acquisition or investment that we may propose. Morgan Stanley's decision is the result of the uncertain regulatory environment relating to Morgan Stanley's status as a financial holding company subject to the BHC Act, and consolidated supervision by the FRB. In particular, as a result of the Dodd-Frank Act, Morgan Stanley is subject to significantly revised and expanded regulation and supervision, to more intensive scrutiny of its businesses and any plans for expansion of those businesses, and to new activities limitations. Morgan Stanley's decision will severely limit our ability to grow our business for the foreseeable future and may have an adverse effect on the price of our common units representing limited partnership interests, although we are unable to predict whether or when such a decline might happen.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Securities. The following table covers the purchases of our common units by, or on behalf of, Partners during the three months ended September 30, 2011 covered by this report.

Period	Total number of common units purchased	Average price paid per common unit	Total number of common units purchased as part of publicly announced plans or programs	Maximum number of common units that may yet be purchased under the plans or programs
July	550	$ 35.15	550	2,790
August	6,442	$ 32.60	550	2,240
September	550	$ 33.90	550	1,690
	7,542	$ 32.88	1,650	

During the three months ended September 30, 2011, we purchased 1,650 common units, with approximately $58,000 of aggregate market value, in the open market pursuant to a purchase program announced on May 7, 2007. The purchase program establishes the purchase, 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 purchase program, we anticipate purchasing annually up to approximately 7,800 common units. There is no guarantee as to the exact number of common units that will be purchased under the purchase program, and the purchase program may be discontinued at any time. Unless we choose to terminate the purchase program earlier, the purchase 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. In addition to the foregoing purchases, on August 10, 2011, we purchased 5,892 common units from TransMontaigne Services Inc. for approximately $190,000 for the purpose of delivering these units to Charles L. Dunlap, the CEO of our general partner, upon the vesting of 10,000 restricted phantom units granted to Mr. Dunlap on August 10, 2009 under the Long-Term Incentive Plan.

ITEM 6. EXHIBITS

Exhibits:

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.
101*	The following financial information from the quarterly report on Form 10-Q of TransMontaigne Partners L.P. and subsidiaries for the quarter ended September 30, 2011, formatted in XBRL (eXtensible Business Reporting Language): (i) consolidated balance sheets, (ii) consolidated statements of operations, (iii) consolidated statements of partners' equity and comprehensive income, (iv) consolidated statements of cash flows and (v) notes to the consolidated financial statements.

* In accordance with Rule 406T of Regulation S-T, this information is "furnished" and not "filed" for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities and Exchange Act of 1934, or otherwise subject to the liability of such sections, and shall not be part of any registration statement or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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

Date: November 8, 2011

TRANSMONTAIGNE PARTNERS L.P.
(Registrant)

TransMontaigne GP L.L.C., its General Partner

By: /s/ CHARLES L. DUNLAP

Charles L. Dunlap
Chief Executive Officer

By: /s/ FREDERICK W. BOUTIN

Frederick W. Boutin
Chief Financial Officer

EXHIBIT INDEX

Exhibit number	Description of exhibits
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* In accordance with Rule 406T of Regulation S-T, this information is "furnished" and not "filed" for purposes of Sections 11 and 12 of the Securities Act of 1933 and Section 18 of the Securities and Exchange Act of 1934, or otherwise subject to the liability of such sections, and shall not be part of any registration statement or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Exhibit 31.1

**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 Quarterly Report on Form 10-Q of TransMontaigne Partners L.P. for the fiscal quarter ended September 30, 2011;

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 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 fiscal 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 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: November 8, 2011

/s/ CHARLES L. DUNLAP

Charles L. Dunlap
Chief Executive Officer

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Exhibit 31.2

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 Quarterly Report on Form 10-Q of TransMontaigne Partners L.P. for the fiscal quarter ended September 30, 2011;

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 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 fiscal 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 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: November 8, 2011

/s/ FREDERICK W. BOUTIN

Frederick W. Boutin
Chief Financial Officer

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Exhibit 31.2

Exhibit 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
(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 Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2011, 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
November 8, 2011

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 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
(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 Quarterly Report on Form 10-Q of the Company for the fiscal quarter ended September 30, 2011, 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
November 8, 2011