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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 June 30, 2010

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 (State or other jurisdiction of incorporation or organization)	**34-2037221** (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 o 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 July 30, 2010, 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 six months ended June 30, 2010 are included herein beginning on the following page. The accompanying unaudited interim consolidated financial statements should be read in conjunction with our consolidated financial statements and related notes for the year ended December 31, 2009, 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 8, 2010 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 during the three and six months ended June 30, 2010:

- TransMontaigne Operating GP L.L.C.
- TransMontaigne Operating Company L.P.
- TransMontaigne Terminals L.L.C.
- Razorback L.L.C.
- TPSI Terminals L.L.C.
- TMOC Corp.
- 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.

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)

	June 30, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,581	$ 6,568
Trade accounts receivable, net	5,011	6,317
Due from Morgan Stanley Capital Group	4,205	2,148
Other current assets	6,221	7,706
Total current assets	20,018	22,739
Property, plant and equipment, net	457,628	459,598
Goodwill	24,687	24,682
Other assets, net	8,284	8,516
	$ 510,617	$ 515,535
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable	$ 6,803	$ 11,007
Due to TransMontaigne Inc.	63	168
Accrued liabilities	19,471	19,235
Total current liabilities	26,337	30,410
Other liabilities	18,073	17,000
Long-term debt	110,000	165,000
Total liabilities	154,410	212,410
Partners' equity:		
Common unitholders	301,025	249,160
General partner interest	55,619	54,434
Accumulated other comprehensive loss	(437)	(469)
Total partners' equity	356,207	303,125
	$ 510,617	$ 515,535

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 June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Revenue:				
External customers	$ 11,684	$ 13,420	$ 23,446	$ 25,795
Affiliates	25,098	22,429	50,490	44,456
Total revenue	36,782	35,849	73,936	70,251
Costs and expenses:				
Direct operating costs and expenses	(14,529)	(15,430)	(29,097)	(30,974)
Direct general and administrative expenses	(543)	(705)	(1,574)	(1,804)
Allocated general and administrative expenses	(2,578)	(2,510)	(5,156)	(5,020)
Allocated insurance expense	(796)	(725)	(1,592)	(1,450)
Reimbursement of bonus awards	(313)	(309)	(626)	(618)
Depreciation and amortization	(6,962)	(6,450)	(13,826)	(12,805)
Gain on disposition of assets	—	1	—	1
Total costs and expenses	(25,721)	(26,128)	(51,871)	(52,670)
Operating income	11,061	9,721	22,065	17,581
Other income (expenses):				
Interest income	4	1	6	4
Interest expense	(1,233)	(1,440)	(2,510)	(2,718)
Foreign currency transaction gain (loss)	(25)	40	11	30
Unrealized gain (loss) on derivative instruments	527	(263)	386	(266)
Amortization of deferred financing costs	(150)	(150)	(300)	(300)
Total other expenses	(877)	(1,812)	(2,407)	(3,250)
Net earnings	10,184	7,909	19,658	14,331
Less—earnings allocable to general partner interest including incentive distribution rights	(808)	(616)	(1,573)	(1,202)
Net earnings allocable to limited partners	$ 9,376	$ 7,293	$ 18,085	$ 13,129
Net earnings per limited partner unit—basic	$ 0.65	$ 0.59	$ 1.27	$ 1.06
Net earnings per limited partner unit—diluted	$ 0.65	$ 0.59	$ 1.27	$ 1.06
Weighted average limited partner units outstanding—basic	14,448	12,440	14,281	12,439
Weighted average limited partner units outstanding—diluted	14,465	12,442	14,296	12,440

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, 2009
and six months ended June 30, 2010**

(In thousands)

	Common units	Subordinated units	General partner interest	Accumulated other comprehensive loss	Total
Balance December 31, 2008	**$ 249,264**	**$ 4,449**	**$ 54,450**	**$ (584)**	**$ 307,579**
Distributions to unitholders	(24,514)	(4,900)	(2,467)	—	(31,881)
Deferred equity-based compensation related to restricted phantom units	213	—	—	—	213
Repurchase of 6,885 common units by our long-term incentive plan	(153)	—	—	—	(153)
Issuance of 3,000 common units by our long-term incentive plan due to vesting of restricted phantom units	—	—	—	—	—
Conversion of 2,491,699 subordinated units into common units	2,719	(2,719)	—	—	—
Net earnings for year ended December 31, 2009	21,631	3,170	2,451	—	27,252
Foreign currency translation adjustments	—	—	—	115	115
Comprehensive income					27,367
Balance December 31, 2009	**249,160**	**—**	**54,434**	**(469)**	**303,125**
Proceeds from offering of 2,012,500 common units, net of underwriters' discounts and offering expenses of $2,562	50,971	—	—	—	50,971
Contribution of cash by TransMontaigne GP to maintain its 2% general partner interest	—	—	1,093	—	1,093
Distributions to unitholders	(17,256)	—	(1,481)	—	(18,737)
Deferred equity-based compensation related to restricted phantom units	189	—	—	—	189
Repurchase of 4,395 common units by our long-term incentive plan	(124)	—	—	—	(124)
Issuance of 4,000 common units by our long-term incentive plan due to vesting of restricted phantom units	—	—	—	—	—
Net earnings for six months ended June 30, 2010	18,085	—	1,573	—	19,658
Foreign currency translation adjustments	—	—	—	32	32
Comprehensive income					19,690
Balance June 30, 2010	**$ 301,025**	**$ —**	**$ 55,619**	**$ (437)**	**$ 356,207**

See accompanying notes to consolidated financial statements.

TransMontaigne Partners L.P. and subsidiaries

Consolidated statements of cash flows (unaudited)

(In thousands)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Cash flows from operating activities:				
Net earnings	$ 10,184	$ 7,909	$ 19,658	$ 14,331
Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	6,962	6,450	13,826	12,805
Gain on disposition of assets	—	(1)	—	(1)
Deferred equity-based compensation	98	31	189	54
Amortization of deferred financing costs	150	150	300	300
Unrealized (gain) loss on derivative instruments	(527)	263	(386)	266
Amortization of deferred revenue	(955)	(562)	(1,792)	(888)
Amounts due under long-term terminaling services agreements, net	(356)	(386)	(713)	(864)
Changes in operating assets and liabilities, net of effects from acquisitions:				
Trade accounts receivable, net	255	314	1,306	1,408
Due to/from TransMontaigne Inc.	115	140	(114)	627
Due from Morgan Stanley Capital Group	1,233	6,396	1,292	10,308
Other current assets	37	(1,267)	1,521	(613)
Trade accounts payable	1,300	(1,021)	(2,352)	3,175
Accrued liabilities	1,836	6,455	94	(697)
Net cash provided by operating activities	20,332	24,871	32,829	40,211
Cash flows from investing activities:				
Acquisition of terminal facilities	(1,633)	—	(1,633)	—
Additions to property, plant and equipment—expansion of facilities	(5,003)	(8,491)	(9,240)	(22,192)
Additions to property, plant and equipment—maintain existing facilities	(1,432)	(785)	(2,151)	(2,278)
Proceeds from sale of assets	—	1	—	1
Other	7	(27)	6	(33)
Net cash (used in) investing activities	(8,061)	(9,302)	(13,018)	(24,502)
Cash flows from financing activities:				
Net proceeds from issuance of common units	(11)	—	50,971	—
Contribution of cash by TransMontaigne GP	—	—	1,093	—
Net (repayments) borrowings of debt	(2,000)	(8,000)	(55,000)	(500)
Distributions paid to unitholders	(9,467)	(7,966)	(18,737)	(15,929)
Repurchase of common units by our long-term incentive plan	(72)	(38)	(124)	(58)
Net cash (used in) financing activities	(11,550)	(16,004)	(21,797)	(16,487)
Increase (decrease) in cash and cash equivalents	721	(435)	(1,986)	(778)
Foreign currency translation effect on cash	(11)	3	(1)	1
Cash and cash equivalents at beginning of period	3,871	4,450	6,568	4,795
Cash and cash equivalents at end of period	$ 4,581	$ 4,018	$ 4,581	$ 4,018
Supplemental disclosures of cash flow information:				
Cash paid for interest	$ 1,317	$ 1,607	$ 2,676	$ 3,598

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 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 June 30, 2010, TransMontaigne Inc. and Morgan Stanley have a significant interest in our partnership through their indirect ownership of a 21.8% limited partner interest, a 2% general partner interest and the incentive distribution rights.

(b) Basis of presentation and use of estimates

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

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

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

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

TransMontaigne Inc. the Mobile, Alabama terminal in exchange for a cash payment of approximately $17.9 million. On December 29, 2006, we acquired from TransMontaigne Inc. the Brownsville, Texas terminal, 12 terminals along the Mississippi and Ohio rivers ("River terminals"), and the Baton Rouge, Louisiana dock facility in exchange for a cash payment of approximately $135.0 million. On December 31, 2007, we acquired from TransMontaigne Inc. twenty-two terminals along the Colonial and Plantation pipelines ("Southeast terminals") in exchange for a cash payment of approximately $118.6 million. The acquisitions of terminal and pipeline operations from TransMontaigne Inc. have been accounted for as transactions among entities under common control and, accordingly, prior periods include the activity of the acquired terminal and pipeline operations since the date they were purchased by TransMontaigne Inc. for acquisitions made by us prior to September 1, 2006, and since September 1, 2006 (the date of Morgan Stanley Capital Group's acquisition of TransMontaigne Inc.) for acquisitions made by us on or after September 1, 2006.

The accompanying consolidated financial statements include allocated general and administrative charges from TransMontaigne Inc. for indirect corporate overhead to cover costs of functions such as legal, accounting, treasury, engineering, environmental safety, information technology, and other corporate services (see Note 2 of Notes to consolidated financial statements). The allocated general and administrative expenses were approximately $2.6 million and $2.5 million for the three months ended June 30, 2010 and 2009, respectively. The allocated general and administrative expenses were approximately $5.2 million and $5.0 million for the six months ended June 30, 2010 and 2009, respectively. The accompanying consolidated financial statements also include allocated insurance charges from TransMontaigne Inc. for insurance premiums to cover costs of insuring activities such as property, casualty, pollution, automobile, directors' and officers' liability, and other insurable risks. The allocated insurance charges were approximately $0.8 million and $0.7 million for the three months ended June 30, 2010 and 2009, respectively. The allocated insurance charges were approximately $1.6 million and $1.5 million for the six months ended June 30, 2010 and 2009, respectively. Management believes that the allocated general and administrative charges and insurance charges are representative of the costs and expenses incurred by TransMontaigne Inc. for managing Partners' operations. The accompanying consolidated financial statements also include reimbursement of bonus awards paid to TransMontaigne Services Inc. towards bonus awards granted by TransMontaigne Services Inc. to certain key officers and employees that vest over future periods. The reimbursement of bonus awards was approximately $0.3 million and $0.3 million for the three months ended June 30, 2010 and 2009, respectively. The reimbursement of bonus awards was approximately $0.6 million and $0.6 million for the six months ended June 30, 2010 and 2009, respectively.

(c) Accounting for terminal and pipeline operations

In connection with our terminal and pipeline operations, we utilize the accrual method of accounting for revenue and expenses. We generate revenue in our terminal and pipeline operations from terminaling services fees, transportation fees, management fees and cost reimbursements, fees from other ancillary services and gains from the sale of refined products. Terminaling services revenue is recognized ratably over the term of the agreement for any up-front fees, 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

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

(d) Cash and cash equivalents

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

(e) Property, plant and equipment

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

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

(f) Environmental obligations

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

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

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

environmental claims, losses and expenses associated with the operation of the Brownsville and River terminals and occurring before December 31, 2006, up to a maximum liability not to exceed $15.0 million for this indemnification obligation (see Note 2 of Notes to consolidated financial statements). TransMontaigne Inc. has agreed to indemnify us through December 31, 2012 against certain potential environmental claims, losses and expenses associated with the operation of the Southeast terminals and occurring before December 31, 2007, up to a maximum liability not to exceed $15.0 million for this indemnification obligation (see Note 2 of Notes to consolidated financial statements).

(g) Asset retirement obligations

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

(h) Equity-based compensation plan

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

(i) Foreign currency translation and transactions

The functional currency of Partners and its U.S.-based subsidiaries is the U.S. Dollar. The functional currency of our foreign subsidiaries, including Penn Octane de Mexico, S. de R.L. de C.V., Termatsal, S. de R.L. de C.V., and Tergas, S. de R.L. de C.V., is the Mexican Peso. The assets and liabilities of our foreign subsidiaries are translated at period-end rates of exchange, and revenue and

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 (loss) 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).

(j) Accounting for derivative instruments

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

At June 30, 2010 and December 31, 2009, our derivative instruments were limited to an interest rate swap. We have not designated 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 is determined using a pricing model based on the LIBOR swap rate and other observable market data. The fair value was determined after considering the potential impact of collateralization, adjusted to reflect nonperformance risk of both Wachovia Bank N.A., the counterparty, and us. Our fair value measurement of our interest rate swap utilizes Level 2 inputs as defined by the FASB.

(k) Income taxes

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

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

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

(l) Net earnings per limited partner unit

Emerging Issues Task Force ("EITF") Issue 07-4, "Application of the Two-Class Method Under FASB Statement No. 128 to Master Limited Partnerships" or FASB ASC 260, "Earnings Per Share," addresses the computation of earnings per limited partnership unit for master limited partnerships that consist of publicly traded common units held by limited partners, a general partner interest, and incentive distribution rights that are accounted for as equity interests. Partners' incentive distribution rights are owned by our general partner. Distributions are declared from available cash (as defined by our partnership agreement) and the incentive distribution rights are not entitled to distributions other than from available cash. The consensus states that any excess of distributions over earnings shall be allocated to the limited partners and general partner interest based on their respective sharing of losses specified in the partnership agreement. Partners has allocated the excess of distributions over earnings to the limited partners and general partner interest based on their ownership percentages of 98% and 2%, respectively. Incentive distribution rights do not share in losses under our partnership agreement. The earnings allocable to the general partner interest, including the incentive distribution rights, for the period represents distributions declared after period end on behalf of the general partner interest and incentive distribution rights less the allocated excess of distributions over earnings for the period (see Note 15 of Notes to consolidated financial statements).

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 TRANSMONTAIGNE INC. AND MORGAN STANLEY CAPITAL GROUP

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

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

We also agreed to reimburse TransMontaigne Inc. and its affiliates for a portion of the incentive payment grants to key employees of TransMontaigne Inc. and its affiliates under the TransMontaigne Services Inc. savings and retention plan, provided the compensation committee of our general partner determines that an adequate portion of the incentive payment grants are allocated to an investment fund indexed to the performance of our common units. For the year ending December 31, 2010, we have agreed to reimburse TransMontaigne Inc. and its affiliates approximately $1.3 million.

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

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

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

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

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

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

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

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

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

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

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

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

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

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

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

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. Under this agreement, Morgan Stanley Capital Group agreed to store a specified minimum amount of fuel oils at our terminals that will result in minimum revenue to us of approximately $2.2 million per year. In exchange for its minimum revenue commitment, we agreed to provide Morgan Stanley Capital Group a minimum amount of storage capacity for such fuel oils. Effective November 1, 2009, we amended the terminaling services agreement with Morgan Stanley Capital Group to reduce Morgan Stanley Capital Group's minimum revenue commitment to approximately $1.3 million per year in exchange for Morgan Stanley Capital Group returning approximately 200,000 barrels of storage capacity. The storage capacity under this agreement is now under contract with third parties.

Terminaling Services Agreement—Brownsville LPG. We have a terminaling services agreement with TransMontaigne Inc. relating to our Brownsville, Texas facilities that expires on March 31, 2011. In the event that TransMontaigne Inc.'s underlying customer terminates its agreement with TransMontaigne Inc. prior to March 31, 2011, TransMontaigne Inc. has the right to terminate the terminaling services agreement prior to the end of the initial term by providing us at least 180 days' prior written notice, provided TransMontaigne Inc. shall pay us an early termination payment based on the remaining term of the agreement, not to exceed $0.2 million. Either party may terminate at the end of the initial term without an early termination payment by providing at least 30 days' prior written notice to the other party. After the initial term, the terminaling services agreement will automatically renew for subsequent one-month periods, subject to either party's right to terminate with thirty days' notice prior to the end of the then current renewal term. 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.

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 expires on March 31, 2011. 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 have a terminaling services agreement with TransMontaigne Inc. relating to certain renewable fuels capacity at our Brownsville and River terminals that will expire on May 31, 2012. Under this agreement, TransMontaigne Inc. agreed to throughput at these terminals certain minimum volumes of renewable fuels that will, at the fee schedule contained in the agreement, result in minimum revenue to us of approximately $0.6 million per year. In exchange for TransMontaigne Inc.'s minimum throughput commitment, we agreed to provide TransMontaigne Inc. approximately 116,000 barrels of storage capacity at these terminals.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

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

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 $33.1 million for the contract year ending December 31, 2010; with stipulated annual increases in throughput payments each contract year thereafter. Morgan Stanley Capital Group's minimum annual throughput payment is reduced proportionately for any decrease in storage capacity due to out-of-service tank capacity. In exchange for its minimum throughput commitment, we agreed to provide Morgan Stanley Capital Group approximately 8.9 million barrels of light oil storage capacity at our Southeast terminals. Under this agreement we also agreed to undertake certain capital projects to provide renewable fuels blending functionality at certain of our Southeast terminals with estimated completion dates that extend through March 31, 2011. Upon completion of each of the projects, Morgan Stanley Capital Group has agreed to pay us an ethanol blending fee. Through June 30, 2010, we had received payments totaling approximately $18.6 million and we expect to receive future payments through March 31, 2011 from Morgan Stanley Capital Group in the range of $2.0 million to $5.0 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 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, with estimated completion to occur on or before May 1, 2011.

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

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

(3) ACQUISITIONS

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 Southeast facilities 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.

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

	Collins and Bainbridge Terminals
Other current assets	$ 33
Property, plant and equipment	2,125
Other accrued liabilities	(525)
Cash paid	$ 1,633

Other accrued liabilities include assumed environmental obligations of approximately $0.5 million.

(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, crude oil, chemicals, fertilizers and other liquid products, 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.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

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

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

	June 30, 2010	December 31, 2009
Trade accounts receivable	$ 5,321	$ 6,711
Less allowance for doubtful accounts	(310)	(394)
	$ 5,011	$ 6,317

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Morgan Stanley Capital Group	62%	57%	62%	57%
TransMontaigne Inc	6%	6%	7%	7%
Valero Supply and Marketing Company	7%	10%	7%	10%

(5) OTHER CURRENT ASSETS

Other current assets are as follows (in thousands):

	June 30, 2010	December 31, 2009
Amounts due from insurance companies	$ 3,725	$ 4,375
Additive detergent	1,866	1,743
Deposits and other assets	630	1,588
	$ 6,221	$ 7,706

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 June 30, 2010 and December 31, 2009, we have recognized amounts due from insurance companies of approximately $3.7 million and $4.4 million, respectively, representing our best estimate of our probable insurance recoveries. During the three and six months ended June 30, 2010, we received reimbursements from insurance companies of approximately $0.5 million and $2.2 million, respectively. During the three and six months ended June 30, 2010, we increased our estimate of insurance recoveries approximately $1.4 million and $1.5 million, respectively, as we assessed the likelihood of recovery was probable related to certain increases in our estimate of environmental remediation obligations (see Note 9 of Notes to consolidated financial statements).

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(6) PROPERTY, PLANT AND EQUIPMENT, NET

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

	June 30, 2010	December 31, 2009
Land	$ 52,547	$ 52,360
Terminals, pipelines and equipment	518,973	505,055
Furniture, fixtures and equipment	1,625	1,556
Construction in progress	9,808	12,278
	582,953	571,249
Less accumulated depreciation	(125,325)	(111,651)
	$ 457,628	$ 459,598

(7) GOODWILL

Goodwill is as follows (in thousands):

	June 30, 2010	December 31, 2009
Brownsville terminals	$ 14,770	$ 14,770
River terminals	8,465	8,465
Mexican LPG operations (includes approximately $50 and $55, respectively, of foreign currency translation adjustments)	1,452	1,447
	$ 24,687	$ 24,682

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

The adjusted purchase price for the acquisition of the Mexican LPG operations from Rio Vista Energy Partners L.P. was allocated to the identifiable assets and liabilities acquired based upon the estimated fair value of the assets and liabilities as of the acquisition date. Goodwill of approximately $1.5 million represents the excess of our adjusted purchase price over the fair value of the identifiable assets acquired attributable to the Mexican LPG operations. The results of the Mexican LPG operations are presented in the Brownsville terminals operating segment.

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

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(7) GOODWILL (Continued)

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.

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

(8) OTHER ASSETS, NET

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

	June 30, 2010	December 31, 2009
Amounts due under long-term terminaling services agreements:		
External customers	$ 912	$ 1,021
Affiliates	3,769	3,433
	4,681	4,454
Deferred financing costs, net of accumulated amortization of $2,733 and $2,434, respectively	897	1,196
Customer relationships, net of accumulated amortization of $1,182 and $1,028, respectively	2,517	2,671
Deposits and other assets	189	195
	$ 8,284	$ 8,516

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 June 30, 2010 and December 31, 2009, 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 $4.7 million and $4.5 million, respectively.

Deferred financing costs. Deferred financing costs are amortized using the effective interest method over the term of the related credit facility (see Note 11 of Notes to consolidated financial statements).

Customer relationships. Our acquisitions from TransMontaigne Inc. have been recorded at TransMontaigne Inc.'s carryover basis in a manner similar to a reorganization of entities under common control. Other assets, net include the carryover basis of certain customer relationships at our Brownsville and River terminals. The carryover basis of the customer relationships is being amortized on a straight-line basis over twelve years.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(9) ACCRUED LIABILITIES

Accrued liabilities are as follows (in thousands):

	June 30, 2010	December 31, 2009
Customer advances and deposits:		
External customers	$ 186	$ 942
Morgan Stanley Capital Group	6,019	5,924
	6,205	6,866
Accrued property taxes	2,257	539
Accrued environmental obligations	5,278	5,582
Interest payable	189	254
Rebate due to Morgan Stanley Capital Group	999	465
Unrealized loss on derivative instrument	2,304	2,690
Accrued expenses and other	2,239	2,839
	$ 19,471	$ 19,235

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 June 30, 2010 and December 31, 2009, we have billed and collected from certain of our customers approximately $6.2 million and $6.9 million, respectively, in advance of the terminaling services being provided.

Accrued environmental obligations. At June 30, 2010 and December 31, 2009, we have accrued environmental obligations of approximately $5.3 million and $5.6 million, respectively, representing our best estimate of our remediation obligations. During the three and six months ended June 30, 2010, we made payments of approximately $0.7 million and $2.6 million, respectively, towards our environmental remediation obligations. During the three and six months ended June 30, 2010, we increased our remediation obligations by approximately $1.9 million and $2.3 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 June 30, 2010 and December 31, 2009, we have accrued a liability due to Morgan Stanley Capital Group of approximately $1.0 million and $0.5 million, respectively. During the three months ended March 31, 2010, we paid Morgan Stanley Capital Group approximately $0.5 million for the rebate due to Morgan Stanley Capital Group for the year ended December 31, 2009.

Unrealized loss on derivative instrument. Our derivative instrument is limited to an interest rate swap. We manage our interest rate risk with an interest rate swap, which reduces our cash exposure to changes in interest rates by converting variable interest rates to fixed interest rates. At June 30, 2010, we have an interest rate swap agreement with a notional amount of $150.0 million that expires June 2011. Pursuant to the terms of the interest rate swap agreement, we pay a fixed rate of approximately 2.2% and receive an interest payment based on the one-month LIBOR. The net difference to be paid

(9) ACCRUED LIABILITIES (Continued)

or received under the interest rate swap agreement is settled monthly and is recognized as an adjustment to interest expense. During the three months ended June 30, 2010 and 2009, we recognized net payments to the counterparty in the amount of approximately $0.7 million and $0.6 million, respectively, as an adjustment to interest expense. During the six months ended June 30, 2010 and 2009, we recognized net payments to the counterparty in the amount of approximately $1.4 million and $1.2 million, respectively, as an adjustment to interest expense. Our obligations under the interest rate swap agreement are secured by a first priority security interest in our assets, including cash, accounts receivable, inventory, general intangibles, investment property, contract rights and real property (see Note 11 of Notes to consolidated financial statements). At June 30, 2010 and December 31, 2009, the fair value of the interest rate swap was approximately $2.3 million and $2.7 million, respectively.

(10) OTHER LIABILITIES

Other liabilities are as follows (in thousands):

	June 30, 2010	December 31, 2009
Deferred revenue—ethanol blending fees and other projects	$ 17,304	$ 15,745
Advance payments received under long-term terminaling services agreements—Morgan Stanley Capital Group	769	1,255
	$ 18,073	$ 17,000

Deferred revenue—ethanol blending fees and other projects. Pursuant to agreements with Morgan Stanley Capital Group, we agreed to undertake certain capital projects to provide renewable fuels blending functionality at certain of our Southeast terminals and other projects. Upon completion of the projects, Morgan Stanley Capital Group has agreed to pay us amounts that will be recognized as revenue on a straight-line basis over the remaining term of the agreements. At June 30, 2010 and December 31, 2009, we have unamortized deferred revenue of approximately $17.3 million and $15.7 million, respectively, for completed projects. During the three and six months ended June 30, 2010, we billed Morgan Stanley Capital Group approximately $1.8 million and $3.4 million, respectively, for completed projects. During the three months ended June 30, 2010 and 2009, we recognized revenue on a straight-line basis of approximately $1.0 million and $0.6 million, respectively, for completed projects. During the six months ended June 30, 2010 and 2009, we recognized revenue on a straight-line basis of approximately $1.8 million and $0.9 million, respectively, for completed projects.

Advance payments received under long-term terminaling services agreements—Morgan Stanley Capital Group. We have long-term terminaling services agreements with Morgan Stanley Capital Group that provide for minimum payments that decrease over the terms of the respective agreements. We recognize as revenue the minimum payments under the long-term terminaling services agreements on a straight-line basis over the term of the respective agreements. At June 30, 2010 and December 31, 2009, we have received minimum payments that are due through those respective dates in excess of revenue recognized under these long-term terminaling services agreements resulting in a liability of approximately $0.8 million and $1.3 million, respectively.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(11) LONG-TERM DEBT

Senior Secured Credit Facility. At June 30, 2010 and December 31, 2009, our outstanding borrowings under the senior secured credit facility were approximately $110.0 million and $165.0 million, respectively. At June 30, 2010 and December 31, 2009, our outstanding letters of credit were approximately $nil at both dates.

The senior secured credit facility provides for a maximum borrowing line of credit equal to the lesser of (i) $200 million or (ii) four times Consolidated EBITDA (as defined: $264.1 million at June 30, 2010). In addition, at our request, the revolving loan commitment can be increased up to an additional $100 million, in the aggregate, without the approval of the lenders, but subject to the approval of the administrative agent and the receipt of additional commitments from one or more lenders. We may elect to have loans under the senior secured credit facility bear interest either (i) at a rate of LIBOR plus a margin ranging from 1.5% to 2.5% depending on the total leverage ratio then in effect, or (ii) at a base rate (the greater of (a) the federal funds rate plus 0.5% or (b) the prime rate) plus a margin ranging from 0.5% to 1.5% depending on the total leverage ratio then in effect. We also pay a commitment fee ranging from 0.3% to 0.5% per annum, depending on the total leverage ratio then in effect, on the total amount of unused commitments. For the three months ended June 30, 2010 and 2009, the weighted average interest rate on borrowings under our senior secured credit facility was approximately 4.3% and 3.7%, respectively. For the six months ended June 30, 2010 and 2009, the weighted average interest rate on borrowings under our senior secured credit facility was approximately 4.2% and 3.7%, respectively. Our obligations under the senior secured credit facility are secured by a first priority security interest in favor of the lenders in our assets, including cash, accounts receivable, inventory, general intangibles, investment property, contract rights and real property. The terms of the senior secured credit facility include covenants that restrict our ability to make cash distributions and acquisitions. The principal balance of loans and any accrued and unpaid interest will be due and payable in full on the maturity date, December 22, 2011.

The senior secured credit facility also contains customary representations and warranties (including those relating to organization and authorization, compliance with laws, absence of defaults, material agreements and litigation) and customary events of default (including those relating to monetary defaults, covenant defaults, cross defaults and bankruptcy events). The primary financial covenants contained in the senior secured credit facility are (i) a total leverage ratio test (not to exceed 4.5 times), (ii) a senior secured leverage ratio test (not to exceed 4.0 times), and (iii) a minimum interest coverage ratio test (not less than 2.75 times). We were in compliance with all of the covenants under our senior secured credit facility as of June 30, 2010.

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	Subordinated units	General partner units
Units outstanding at December 31, 2008	9,952,867	2,491,699	253,971
Conversion of subordinated units to common units	2,491,699	(2,491,699)	—
Units outstanding at December 31, 2009	12,444,566	—	253,971
Public offering of common units	2,012,500	—	—
TransMontaigne GP to maintain its 2% general partner interest	—	—	41,071
Units outstanding at June 30, 2010	14,457,066	—	295,042

At June 30, 2010 and December 31, 2009, common units outstanding include approximately 9,600 and 9,200 common units, respectively, held on behalf of TransMontaigne Services Inc.'s long-term incentive plan.

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

On 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 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 1,238,463 units, which amount will automatically increase on an annual basis by 2% of the total outstanding common and subordinated units, if any, at the end of the preceding fiscal year. At June 30, 2010, 1,008,523 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

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(13) LONG-TERM INCENTIVE PLAN (Continued)

the terms of the long-term incentive plan, all restricted phantom units and restricted common units vest upon a change in control of TransMontaigne Inc. The long-term incentive plan is administered by the compensation committee of the board of directors of our general partner. On May 7, 2007, we announced a program for the repurchase of outstanding common units for purposes of making subsequent grants of restricted phantom units to independent directors of our general partner. TransMontaigne GP, on behalf of the long-term incentive plan, anticipates repurchasing annually up to 10,000 common units for this purpose. TransMontaigne GP, on behalf of the long-term incentive plan, has repurchased 4,395 and 3,135 common units pursuant to the program during the six months ended June 30, 2010 and 2009, respectively.

Information about restricted phantom unit activity for the year ended December 31, 2009 and the six months ended June 30, 2010 is as follows:

	Available for future grant	Restricted phantom units	Grant date price
Units outstanding at December 31, 2008	564,741	11,000	
Automatic increase in units available for future grant on January 1, 2009	248,891	—	
Grant on March 31, 2009	(8,000)	8,000	$ 16.77
Vesting on March 31, 2009	—	(3,000)	
Grant on August 10, 2009	(40,000)	40,000	$ 24.90
Units outstanding at December 31, 2009	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)	
Units outstanding at June 30, 2010	1,008,523	54,500	

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, 2010, TransMontaigne Services Inc. granted 6,000 restricted phantom units to the independent directors of our general partner. Effective August 10, 2009, Charles L. Dunlap was appointed to serve as Chief Executive Officer ("CEO") of our general partner and President and CEO of TransMontaigne Inc. In connection with his appointments, on August 10, 2009, TransMontaigne Services Inc. granted Mr. Dunlap 40,000 restricted phantom units under the long-term incentive plan. In accordance with the long-term incentive plan, because Mr. Dunlap continues to provide services to our general partner as an employee, the restricted phantom units previously granted to Mr. Dunlap for his services as an independent member of the board of directors of our general partner remain in effect and continue to vest in accordance with the four-year vesting schedule for our independent directors. On March 31, 2009, TransMontaigne Services Inc. granted 8,000 restricted phantom units to

(13) LONG-TERM INCENTIVE PLAN (Continued)

the independent directors of our general partner. Over their respective four-year vesting periods, we will amortize deferred equity-based compensation of approximately $0.2 million, $1.0 million and $0.1 million, associated with the March 2010, August 2009 and March 2009 grants, respectively.

Deferred equity-based compensation of approximately $98,000 and $31,000 is included in direct general and administrative expenses for the three months ended June 30, 2010 and 2009, respectively. Deferred equity-based compensation of approximately $189,000 and $54,000 is included in direct general and administrative expenses for the six months ended June 30, 2010 and 2009, respectively.

(14) COMMITMENTS AND CONTINGENCIES

Contract Commitments. At June 30, 2010, we have contractual commitments of approximately $11.0 million for the supply of services, labor and materials related to capital projects that currently are under development. We expect that these contractual commitments will be paid during the remainder of the year ending December 31, 2010.

Operating Leases. We lease property and equipment under non-cancelable operating leases that extend through August 2030. At June 30, 2010, future minimum lease payments under these non-cancelable operating leases are as follows (in thousands):

Years ending December 31:	Property and equipment
2010 (remainder of the year)	$ 753
2011	1,473
2012	804
2013	699
2014	610
Thereafter	5,775
	$ 10,114

Rental expense under operating leases was approximately $440,000 and $280,000 for the three months ended June 30, 2010 and 2009, respectively. Rental expense under operating leases was approximately $765,000 and $650,000 for the six months ended June 30, 2010 and 2009, respectively.

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(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 June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net earnings	$ 10,184	$ 7,909	$ 19,658	$ 14,331
Less:				
Distributions payable on behalf of incentive distribution rights	(588)	(467)	(1,176)	(934)
Distributions payable on behalf of general partner interest	(177)	(150)	(354)	(300)
Distributions payable to the general partner interest (less than) in excess of earnings allocable to the general partner interest	(43)	1	(43)	32
Earnings allocable to general partner interest including incentive distribution rights	(808)	(616)	(1,573)	(1,202)
Net earnings allocable to limited partners	$ 9,376	$ 7,293	$ 18,085	$ 13,129

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

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

	Distribution
January 1, 2009 through March 31, 2009	$ 0.59
April 1, 2009 through June 30, 2009	$ 0.59
July 1, 2009 through September 30, 2009	$ 0.59
October 1, 2009 through December 31, 2009	$ 0.59
January 1, 2010 through March 31, 2010	$ 0.60
April 1, 2010 through June 30, 2010	$ 0.60

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

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

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

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Basic weighted average units	14,448	12,440	14,281	12,439
Dilutive effect of restricted phantom units	17	2	15	1
Diluted weighted average units	14,465	12,442	14,296	12,440

For the three and six months ended June 30, 2010, we included the dilutive effect of approximately 6,000, 40,000, 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. For the three and six months ended June 30, 2009, we included the dilutive effect of approximately 8,000 restricted phantom units granted March 31, 2009 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 six months ended June 30, 2009, we excluded the dilutive effect of approximately 1,500, 4,500, and 2,000 restricted phantom units granted July 18, 2008, March 31, 2008 and March 31, 2007, respectively, in the computation of diluted earnings per limited partner unit because the related remaining deferred compensation per unvested restricted phantom units exceeded the average closing market price of our common units for the period.

(16) DISCLOSURES ABOUT FAIR VALUE

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

The fair values of the following financial instruments represent our best estimate of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Our fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects our judgments about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The following methods and assumptions were used to estimate the fair value of financial instruments at June 30, 2010 and December 31, 2009.

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

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

(17) BUSINESS SEGMENTS

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

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 June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Gulf Coast Terminals:				
Terminaling services fees, net	$ 11,596	$ 10,809	$ 23,382	$ 21,166
Other	1,733	2,549	4,084	4,418
Revenue	13,329	13,358	27,466	25,584
Direct operating costs and expenses	(4,954)	(5,383)	(9,939)	(10,532)
Net margins	8,375	7,975	17,527	15,052
Midwest Terminals and Pipeline System:				
Terminaling services fees, net	937	987	1,861	1,843
Pipeline transportation fees	604	511	1,037	979
Other	410	158	904	371
Revenue	1,951	1,656	3,802	3,193
Direct operating costs and expenses	(445)	(609)	(693)	(1,040)
Net margins	1,506	1,047	3,109	2,153
Brownsville Terminals:				
Terminaling services fees, net	3,640	3,715	7,107	7,296
Pipeline transportation fees	600	434	1,341	1,207
Other	1,372	1,426	2,701	2,478
Revenue	5,612	5,575	11,149	10,981
Direct operating costs and expenses	(3,109)	(2,587)	(6,133)	(5,860)
Net margins	2,503	2,988	5,016	5,121
River Terminals:				
Terminaling services fees, net	3,691	4,526	7,398	9,032
Other	86	108	166	185
Revenue	3,777	4,634	7,564	9,217
Direct operating costs and expenses	(1,725)	(1,588)	(3,533)	(3,716)
Net margins	2,052	3,046	4,031	5,501
Southeast Terminals:				
Terminaling services fees, net	10,495	9,500	20,691	18,950
Other	1,618	1,126	3,264	2,326
Revenue	12,113	10,626	23,955	21,276
Direct operating costs and expenses	(4,296)	(5,263)	(8,799)	(9,826)
Net margins	7,817	5,363	15,156	11,450
Total net margins	22,253	20,419	44,839	39,277
Direct general and administrative expenses	(543)	(705)	(1,574)	(1,804)
Allocated general and administrative expenses	(2,578)	(2,510)	(5,156)	(5,020)
Allocated insurance expense	(796)	(725)	(1,592)	(1,450)
Reimbursement of bonus awards	(313)	(309)	(626)	(618)
Depreciation and amortization	(6,962)	(6,450)	(13,826)	(12,805)
Gain on disposition of assets	—	1	—	1
Operating income	11,061	9,721	22,065	17,581
Other income (expenses), net	(877)	(1,812)	(2,407)	(3,250)
Net earnings	$ 10,184	$ 7,909	$ 19,658	$ 14,331

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(17) BUSINESS SEGMENTS (Continued)

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

	Three months ended June 30, 2010					
	Gulf Coast Terminals	Midwest Terminals and Pipeline System	Brownsville Terminals	River Terminals	Southeast Terminals	Total
Revenue:						
External customers	$ 2,772	$ 463	$ 4,407	$ 3,219	$ 823	$ 11,684
Morgan Stanley Capital Group	9,549	1,488	(36)	494	11,290	22,785
TransMontaigne Inc.	1,008	—	1,241	64	—	2,313
Total revenue	$ 13,329	$ 1,951	$ 5,612	$ 3,777	$ 12,113	$ 36,782
Identifiable assets	$ 144,371	$ 11,453	$ 78,395	$ 61,880	$ 184,595	$ 480,694
Capital expenditures	$ 1,422	$ —	$ 2,270	$ 89	$ 4,779	$ 8,560

	Three months ended June 30, 2009					
	Gulf Coast Terminals	Midwest Terminals and Pipeline System	Brownsville Terminals	River Terminals	Southeast Terminals	Total
Revenue:						
External customers	$ 2,996	$ 445	$ 4,589	$ 4,535	$ 855	$ 13,420
Morgan Stanley Capital Group	9,352	1,211	(87)	35	9,771	20,282
TransMontaigne Inc.	1,010	—	1,073	64	—	2,147
Total revenue	$ 13,358	$ 1,656	$ 5,575	$ 4,634	$ 10,626	$ 35,849
Identifiable assets	$ 144,043	$ 12,438	$ 77,224	$ 68,515	$ 187,320	$ 489,540
Capital expenditures	$ 4,427	$ 62	$ 1,442	$ 212	$ 3,133	$ 9,276

	Six months ended June 30, 2010					
	Gulf Coast Terminals	Midwest Terminals and Pipeline System	Brownsville Terminal	River Terminals	Southeast Terminals	Total
Revenue:						
External customers	$ 5,757	$ 978	$ 8,515	$ 6,483	$ 1,713	$ 23,446
Morgan Stanley Capital Group	19,431	2,824	31	953	22,242	45,481
TransMontaigne Inc.	2,278	—	2,603	128	—	5,009
Total revenue	$ 27,466	$ 3,802	$ 11,149	$ 7,564	$ 23,955	$ 73,936
Identifiable assets	$ 144,371	$ 11,453	$ 78,395	$ 61,880	$ 184,595	$ 480,694
Capital expenditures	$ 2,747	$ —	$ 3,996	$ (41)	$ 6,814	$ 13,516

TransMontaigne Partners L.P. and subsidiaries

Notes to consolidated financial statements (unaudited) (Continued)

(17) BUSINESS SEGMENTS (Continued)

	Six months ended June 30, 2009					
	Gulf Coast Terminals	Midwest Terminals and Pipeline System	Brownsville Terminals	River Terminals	Southeast Terminals	Total
Revenue:						
External customers	$ 5,805	$ 792	$ 8,449	$ 8,997	$ 1,752	$ 25,795
Morgan Stanley Capital Group	17,712	2,401	63	66	19,524	39,766
TransMontaigne Inc.	2,067	—	2,469	154	—	4,690
Total revenue	$ 25,584	$ 3,193	$ 10,981	$ 9,217	$ 21,276	$ 70,251
Identifiable assets	$ 144,043	$ 12,438	$ 77,224	$ 68,515	$ 187,320	$ 489,540
Capital expenditures	$ 12,238	$ 145	$ 4,742	$ 272	$ 7,073	$ 24,470

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, 2009, included in our Annual Report on Form 10-K filed on March 8, 2010 (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: allowance for doubtful accounts, accrued environmental obligations and determining the fair value of our reporting units when performing our annual goodwill impairment analysis. 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.

REGULATORY MATTERS

Our general partner is an indirect wholly-owned subsidiary of Morgan Stanley Capital Group Inc., which, in turn, is a wholly-owned subsidiary of Morgan Stanley. Morgan Stanley is a "bank holding company," subject to consolidated supervision and regulation by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act, as amended. Morgan Stanley qualifies as a bank holding company that is a "financial holding company."

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law by President Obama. The Dodd-Frank Act contains various provisions that affect financial firms, including financial holding companies, and amend various existing laws, including the Bank Holding Company Act. The Dodd-Frank Act and the Bank Holding Company Act, among other laws, contain restrictions and prohibitions on the activities and investments of financial holding companies. Various regulatory agencies, including the Federal Reserve Board, are required to issue regulations that carry out the intent of the Dodd-Frank Act's provisions. The Dodd-Frank Act is a part of a trend to increase regulatory supervision of the financial industry.

As a result of this trend for increased regulatory supervision, it is possible that legislative or regulatory changes may be made that would adversely affect Morgan Stanley's ability or business strategy to own and operate our general partner and to operate Partners. In addition, the Federal Reserve Board could conclude in the future that certain activities or investments will not be deemed permissible under the Bank Holding Company Act for any specific institution that is deemed to be systemically important, or for financial holding companies generally.

We cannot predict whether any such future legislation or regulation would adversely affect Morgan Stanley's ability to continue its physical energy trading activities or business strategy to continue to maintain its ownership of our general partner, or if such activities will otherwise be grandfathered under the Bank Holding Company Act. In addition, we are currently unable to predict whether any future changes in the statutes and regulations governing the activities of financial holding companies would have a material adverse impact on our financial condition or results of operations.

SIGNIFICANT DEVELOPMENTS DURING THE THREE MONTHS ENDED JUNE 30, 2010

On April 16, 2010, we announced a distribution of $0.60 per unit for the period from January 1, 2010 through March 31, 2010, representing a $0.01 increase over prior distributions attributable to each of the 2009 quarterly periods. This distribution is payable on May 11, 2010 to unitholders of record on April 30, 2010.

On June 2, 2010, Deborah A. Davis announced her intention to resign as Senior Vice President and Chief Accounting Officer of our general partner and as Senior Vice President—Administration of TransMontaigne Inc. and the other subsidiaries of Partners and TransMontaigne Inc. in order to spend more time with her family. Ms. Davis will continue in her current role as Senior Vice President and Chief Accounting Officer of our general partner until January 1, 2011 in order to assist in the orderly transition of duties to her successor. Ms. Davis indicated that there were no disagreements between herself and Partners, the board of directors of our general partner or the audit committee of our general partner regarding Partners' operations, policies or practices. Our general partner is responsible for managing the operations and activities of Partners since the partnership does not have its own officers or employees.

SUBSEQUENT EVENTS

On July 12, 2010, Ronald A. (Randy) Majors, age 51, was appointed to serve as the Senior Vice President—Business Development of our general partner and TransMontaigne Inc. Prior to joining the Company, from December 2009 to February 2010, Mr. Majors served as President and Chief Executive Officer of Pipestream, a technology company focused on creating new materials and construction methods for the pipeline industry. Prior to Pipestream, from May 2006 to December 2009, Mr. Majors served as President and Chief Operating Officer of SemGroup Europe Holdings, LLC, and Executive Director of SemEuro Limited, both divisions of SemGroup LP. From January 1998 to April 2006, Mr. Majors worked for The Williams Companies in various business development capacities, and served as the Chairman of the Board of AB Mazeikiai Nafta, from September 2000 to October 2002, and Mr. Majors served as President of Williams International Company from May 2002 to May 2003. From June 1983 to December 1997, Mr. Majors was employed at Conoco, Inc. in various executive positions responsible for numerous commercial ventures, as well as exploration and development projects in Russia, Norway, Indonesia, Vietnam, Dubai, Nigeria, as well as the US.

On July 12, 2010, Robert T. Fuller, age 41, was appointed to serve as the Vice President—Accounting of our general partner and TransMontaigne Inc. Effective January 1, 2011, Mr. Fuller will assume the additional role of Chief Accounting Officer of our general partner, upon the departure of Deborah A. Davis. Mr. Fuller spent the last 13 years with KPMG in their New York Department of Professional Practice and the Denver office. Mr. Fuller has provided auditing services to a variety of entities throughout his 17 year career that includes large public companies, large federal and state governments, regulated enterprises and private entities.

On July 16, 2010, we announced a distribution of $0.60 per unit for the period from April 1, 2010 through June 30, 2010, payable on August 10, 2010 to unitholders of record on July 30, 2010.

RESULTS OF OPERATIONS—THREE MONTHS ENDED JUNE 30, 2010 AND 2009

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 June 30,	
	2010	2009
Terminaling services fees, net	$ 30,359	$ 29,537
Pipeline transportation fees	1,204	945
Management fees and reimbursed costs	514	507
Other	4,705	4,860
Revenue	$ 36,782	$ 35,849

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

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

Total Revenue by Business Segment

	Three months ended June 30,	
	2010	2009
Gulf Coast terminals	$ 13,329	$ 13,358
Midwest terminals and pipeline system	1,951	1,656
Brownsville terminals	5,612	5,575
River terminals	3,777	4,634
Southeast terminals	12,113	10,626
Revenue	$ 36,782	$ 35,849

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

Terminaling Services Fees, Net, by Business Segment

	Three months ended June 30, 2010	Three months ended June 30, 2009
Gulf Coast terminals	$ 11,596	$ 10,809
Midwest terminals and pipeline system	937	987
Brownsville terminals	3,640	3,715
River terminals	3,691	4,526
Southeast terminals	10,495	9,500
Terminaling services fees, net	$ 30,359	$ 29,537

The increase in terminaling services fees, net includes an increase of approximately $0.9 million resulting from newly constructed tank capacity placed into service at certain of our Gulf Coast terminals and an increase of approximately $0.4 million resulting from completion of ethanol blending functionality at certain of our Southeast terminals.

Included in terminaling services fees, net for the three months ended June 30, 2010 and 2009 are fees recognized from agreements with Morgan Stanley Capital Group of approximately $19.1 million and $16.8 million, respectively, and TransMontaigne Inc. of approximately $1.6 million and $1.7 million, respectively.

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

Firm Commitments and Variable Revenue

	Three months ended June 30, 2010	Three months ended June 30, 2009
Firm commitments:		
External customers	$ 8,790	$ 9,699
Affiliates	20,813	18,937
Total	29,603	28,636
Variable:		
External customers	825	1,373
Affiliates	(69)	(472)
Total	756	901
Terminaling services fees, net	$ 30,359	$ 29,537

At June 30, 2010, the remaining terms on the terminaling services agreements that generated "firm commitments" for the three months ended June 30, 2010 were as follows (in thousands):

	At June 30, 2010
Remaining terms on terminaling services agreements that generated "firm commitments":	
Less than 1 year remaining	$ 4,837
More than 1 year but less than 3 years remaining	5,632
More than 3 years but less than 5 years remaining	18,740
More than 5 years remaining	394
Total firm commitments for the three months ended June 30, 2010	$ 29,603

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

Pipeline Transportation Fees by Business Segment

	Three months ended June 30,	
	2010	2009
Gulf Coast terminals	$ —	$ —
Midwest terminals and pipeline system	604	511
Brownsville terminals	600	434
River terminals	—	—
Southeast terminals	—	—
Pipeline transportation fees	$ 1,204	$ 945

Included in pipeline transportation fees for the three months ended June 30, 2010 and 2009 are fees charged to Morgan Stanley Capital Group of approximately $0.6 million and $0.5 million, respectively, and TransMontaigne Inc. of approximately $0.6 million and $0.4 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. 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 business segments were as follows (in thousands):

Management Fees and Reimbursed Costs by Business Segment

	Three months ended June 30, 2010	Three months ended June 30, 2009
Gulf Coast terminals	$ 24	$ 12
Midwest terminals and pipeline system	—	—
Brownsville terminals	454	417
River terminals	—	—
Southeast terminals	36	78
Management fees and reimbursed costs	$ 514	$ 507

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 June 30, 2010	Three months ended June 30, 2009
Product gains, net	$ 2,770	$ 2,216
Steam heating fees	949	871
Product transfer services	289	222
Railcar handling	165	441
Other	532	1,110
Other revenue	$ 4,705	$ 4,860

For the three months ended June 30, 2010 and 2009, we sold approximately 34,600 and 30,200 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 $95 and $73 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 June 30, 2010 and 2009, we have accrued a liability due to Morgan Stanley Capital Group of approximately $0.5 million and $nil, respectively.

Included in other revenue for the three months ended June 30, 2010 and 2009 are amounts charged to Morgan Stanley Capital Group of approximately $3.1 million and $3.0 million, respectively, and TransMontaigne Inc. of approximately $0.1 million and $58,000, respectively.

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

Other Revenue by Business Segment

	Three months ended June 30, 2010	Three months ended June 30, 2009
Gulf Coast terminals	$ 1,709	$ 2,537
Midwest terminals and pipeline system	410	158
Brownsville terminals	918	1,009
River terminals	86	108
Southeast terminals	1,582	1,048
Other revenue	$ 4,705	$ 4,860

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 June 30, 2010	Three months ended June 30, 2009
Wages and employee benefits	$ 5,786	$ 5,071
Utilities and communication charges	1,995	1,796
Repairs and maintenance	3,467	5,497
Office, rentals and property taxes	1,852	1,718
Vehicles and fuel costs	347	238
Environmental compliance costs	668	719
Other	414	391
Direct operating costs and expenses	$ 14,529	$ 15,430

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

Direct Operating Costs and Expenses by Business Segment

	Three months ended June 30, 2010	Three months ended June 30, 2009
Gulf Coast terminals	$ 4,954	$ 5,383
Midwest terminals and pipeline system	445	609
Brownsville terminals	3,109	2,587
River terminals	1,725	1,588
Southeast terminals	4,296	5,263
Direct operating costs and expenses	$ 14,529	$ 15,430

The direct general and administrative expenses of our operations include accounting and legal costs associated with annual and quarterly reports and tax return and Schedule K-1 preparation and distribution, independent director fees and deferred equity-based compensation. Direct general and administrative expenses were as follows (in thousands):

Direct General and Administrative Expenses

	Three months ended June 30, 2010	2009
Accounting and tax expenses	$ 200	$ 183
Legal expenses	88	271
Independent director fees and investor relations expenses	54	76
Deferred equity-based compensation	98	31
Income tax expense	62	117
Other	41	27
Direct general and administrative expenses	$ 543	$ 705

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 $2.5 million for the three months ended June 30, 2010 and 2009, 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 $0.7 million for the three months ended June 30, 2010 and 2009, 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 June 30, 2010 and 2009, respectively.

For the three months ended June 30, 2010 and 2009, depreciation and amortization expense was approximately $7.0 million and $6.5 million, respectively.

RESULTS OF OPERATIONS—SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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

	Six months ended June 30, 2010	Six months ended June 30, 2009
Terminaling services fees, net	$ 60,439	$ 58,287
Pipeline transportation fees	2,378	2,186
Management fees and reimbursed costs	1,054	977
Other	10,065	8,801
Revenue	$ 73,936	$ 70,251

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

Total Revenue by Business Segment

	Six months ended June 30, 2010	Six months ended June 30, 2009
Gulf Coast terminals	$ 27,466	$ 25,584
Midwest terminals and pipeline system	3,802	3,193
Brownsville terminals	11,149	10,981
River terminals	7,564	9,217
Southeast terminals	23,955	21,276
Revenue	$ 73,936	$ 70,251

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

Terminaling Services Fees, Net, by Business Segment

	Six months ended June 30, 2010	Six months ended June 30, 2009
Gulf Coast terminals	$ 23,382	$ 21,166
Midwest terminals and pipeline system	1,861	1,843
Brownsville terminals	7,107	7,296
River terminals	7,398	9,032
Southeast terminals	20,691	18,950
Terminaling services fees, net	$ 60,439	$ 58,287

The increase in terminaling services fees, net includes an increase of approximately $2.0 million resulting from newly constructed tank capacity placed into service at certain of our Gulf Coast terminals and an increase of approximately $0.9 million resulting from completion of ethanol blending functionality at certain of our Southeast terminals.

Included in terminaling services fees, net for the six months ended June 30, 2010 and 2009 are fees recognized from agreements with Morgan Stanley Capital Group of approximately $38.0 million and $33.3 million, respectively, and TransMontaigne Inc. of approximately $3.4 million and $3.4 million, respectively.

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

Firm Commitments and Variable Revenue

	Six months ended June 30,	
	2010	**2009**
Firm commitments:		
External customers	$ 17,337	$ 19,048
Affiliates	41,618	37,354
Total	58,955	56,402
Variable:		
External customers	1,661	2,580
Affiliates	(177)	(695)
Total	1,484	1,885
Terminaling services fees, net	$ 60,439	$ 58,287

At June 30, 2010, the remaining terms on the terminaling services agreements that generated "firm commitments" for the six months ended June 30, 2010 were as follows (in thousands):

	At June 30, 2010
Remaining terms on terminaling services agreements that generated "firm commitments":	
Less than 1 year remaining	$ 9,687
More than 1 year but less than 3 years remaining	11,282
More than 3 years but less than 5 years remaining	37,197
More than 5 years remaining	789
Total firm commitments for the six months ended June 30, 2010	$ 58,955

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

Pipeline Transportation Fees by Business Segment

	Six months ended June 30, 2010	Six months ended June 30, 2009
Gulf Coast terminals	$ —	$ —
Midwest terminals and pipeline system	1,037	979
Brownsville terminals	1,341	1,207
River terminals	—	—
Southeast terminals	—	—
Pipeline transportation fees	$ 2,378	$ 2,186

Included in pipeline transportation fees for the six months ended June 30, 2010 and 2009 are fees charged to Morgan Stanley Capital Group of approximately $1.0 million and $1.0 million, respectively, and TransMontaigne Inc. of approximately $1.3 million and $1.2 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. 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 business segments were as follows (in thousands):

Management Fees and Reimbursed Costs by Business Segment

	Six months ended June 30, 2010	Six months ended June 30, 2009
Gulf Coast terminals	$ 40	$ 24
Midwest terminals and pipeline system	—	—
Brownsville terminals	896	804
River terminals	—	—
Southeast terminals	118	149
Management fees and reimbursed costs	$ 1,054	$ 977

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

	Six months ended June 30, 2010	Six months ended June 30, 2009
Product gains, net	$ 5,656	$ 4,034
Steam heating fees	2,412	1,984
Product transfer services	569	361
Railcar handling	305	692
Other	1,123	1,730
Other revenue	$ 10,065	$ 8,801

For the six months ended June 30, 2010 and 2009, we sold approximately 72,300 and 65,000 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 $92 and $62 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 six months ended June 30, 2010 and 2009, we have accrued a liability due to Morgan Stanley Capital Group of approximately $1.0 million and $nil, respectively.

Included in other revenue for the six months ended June 30, 2010 and 2009 are amounts charged to Morgan Stanley Capital Group of approximately $6.5 million and $5.5 million, respectively, and TransMontaigne Inc. of approximately $0.3 million and $84,000, respectively.

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

Other Revenue by Business Segment

	Six months ended June 30, 2010	Six months ended June 30, 2009
Gulf Coast terminals	$ 4,044	$ 4,394
Midwest terminals and pipeline system	904	371
Brownsville terminals	1,805	1,674
River terminals	166	185
Southeast terminals	3,146	2,177
Other revenue	$ 10,065	$ 8,801

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

	Six months ended June 30, 2010	Six months ended June 30, 2009
Wages and employee benefits	$ 11,405	$ 10,417
Utilities and communication charges	4,274	3,874
Repairs and maintenance	6,439	10,466
Office, rentals and property taxes	3,604	3,357
Vehicles and fuel costs	720	481
Environmental compliance costs	1,842	1,674
Other	813	705
Direct operating costs and expenses	$ 29,097	$ 30,974

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

Direct Operating Costs and Expenses by Business Segment

	Six months ended June 30, 2010	Six months ended June 30, 2009
Gulf Coast terminals	$ 9,939	$ 10,532
Midwest terminals and pipeline system	693	1,040
Brownsville terminals	6,133	5,860
River terminals	3,533	3,716
Southeast terminals	8,799	9,826
Direct operating costs and expenses	$ 29,097	$ 30,974

Direct general and administrative expenses were as follows (in thousands):

Direct General and Administrative Expenses

	Six months ended June 30, 2010	Six months ended June 30, 2009
Accounting and tax expenses	$ 714	$ 782
Legal expenses	235	485
Independent director fees and investor relations expenses	251	168
Deferred equity-based compensation	189	54
Income tax expense	70	206
Other	115	109
Direct general and administrative expenses	$ 1,574	$ 1,804

The allocated general and administrative expenses were approximately $5.2 million and $5.0 million for the six months ended June 30, 2010 and 2009, respectively.

The allocated insurance expenses were approximately $1.6 million and $1.5 million for the six months ended June 30, 2010 and 2009, respectively.

The reimbursement of bonus awards was approximately $0.6 million and $0.6 million for the six months ended June 30, 2010 and 2009, respectively.

For the six months ended June 30, 2010 and 2009, depreciation and amortization expense was approximately $13.8 million and $12.8 million, respectively.

LIQUIDITY AND CAPITAL RESOURCES

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

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 made a cash contribution of approximately $1.1 million to us to maintain its 2% general partner interest. The net proceeds from the offering and cash contribution were used to repay outstanding borrowings under our senior secured credit facility.

Excluding acquisitions, our capital expenditures for the six months ended June 30, 2010 were approximately $11.4 million for terminal and pipeline facilities and assets to support these facilities. Management and the board of directors of our general partner approved capital projects that currently are or will be under construction with estimated completion dates that extend through May 31, 2011. At June 30, 2010, the remaining expansion capital expenditures to complete the approved capital projects are estimated to range from $22.0 million to $25.0 million. We expect to fund our expansion capital expenditures with additional borrowings under our senior secured credit facility. The budgeted capital projects include the following:

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

Pursuant to existing terminaling services agreements with Morgan Stanley Capital Group, we expect to receive payments through March 31, 2011 from Morgan Stanley Capital Group in the range of $2.0 million to $5.0 million, which are due and payable upon completion of certain of the capital projects referred to above.

At June 30, 2010, our senior secured credit facility provides for a maximum borrowing line of credit equal to $200 million. At June 30, 2010, our outstanding borrowings were approximately $110.0 million, resulting in available capacity of approximately $90.0 million. Upon payment of the remaining capital expenditures to complete the approved capital projects and receipt of payments from Morgan Stanley Capital Group upon completion of certain of the capital projects, we currently expect to have approximately $65.0 million in available capacity under our senior secured credit facility. In addition, at our request, the revolving loan commitment can be increased up to an additional $100 million, in the aggregate, without the approval of the lenders, but subject to the approval of the administrative agent and the receipt of additional commitments from one or more lenders. The terms of the senior secured credit facility also permit us to borrow up to approximately $25 million from other lenders, including our general partner and its affiliates. Future capital expenditures will depend on numerous factors, including the availability, economics and cost of appropriate acquisitions which we identify and evaluate; the economics, cost and required regulatory approvals with respect to the expansion and enhancement of existing systems and facilities; customer demand for the services we provide; local, state and federal governmental regulations; environmental compliance requirements; and the availability of debt financing and equity capital on acceptable terms.

Senior Secured Credit Facility. At June 30, 2010, the senior secured credit facility provides for a maximum borrowing line of credit equal to the lesser of (i) $200 million or (ii) four times Consolidated EBITDA (as defined: $264.1 million at June 30, 2010). We may elect to have loans under the senior secured credit facility bear interest either (i) at a rate of LIBOR plus a margin ranging from 1.5% to 2.5% depending on the total leverage ratio then in effect, or (ii) at a base rate (the greater of (a) the federal funds rate plus 0.5% or (b) the prime rate) plus a margin ranging from 0.5% to 1.5% depending on the total leverage ratio then in effect. We also pay a commitment fee ranging from 0.3% to 0.5% per annum, depending on the total leverage ratio then in effect, on the total amount of unused commitments. Our obligations under the senior secured credit facility are secured by a first priority security interest in favor of the lenders in our assets, including cash, accounts receivable, inventory, general intangibles, investment property, contract rights and real property.

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

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

EBITDA." The calculation of the "total leverage ratio," "senior secured leverage ratio" and "interest coverage ratio" contained in the senior secured credit facility is as follows (in thousands, except ratios):

	Three months ended				Twelve months ended
	September 30, 2009	December 31, 2009	March 31, 2010	June 30, 2010	June 30, 2010
Financial performance debt covenant test:					
Consolidated EBITDA for the total leverage ratio, as stipulated in the credit facility	$ 14,357	$ 15,583	$ 17,995	$ 18,096	$ 66,031
Consolidated funded indebtedness					$ 110,000
Total leverage ratio and senior secured leverage ratio					1.67x
Consolidated EBITDA for the interest coverage ratio	$ 14,357	$ 15,583	$ 17,995	$ 18,096	$ 66,031
Consolidated interest expense, as stipulated in the credit facility	$ 1,349	$ 1,416	$ 1,275	$ 1,229	$ 5,269
Interest coverage ratio					12.53x
Reconciliation of consolidated EBITDA to cash flows provided by operating activities:					
Consolidated EBITDA	$ 14,357	$ 15,583	$ 17,995	$ 18,096	$ 66,031
Consolidated interest expense	(1,349)	(1,416)	(1,275)	(1,229)	(5,269)
Amortization of deferred revenue	(764)	(809)	(837)	(955)	(3,365)
Amounts due under long-term terminaling services agreements, net	25	(627)	(357)	(356)	(1,315)
Change in operating assets and liabilities	5,553	1,281	(4,378)	4,776	7,232
Cash flows provided by operating activities	$ 17,822	$ 14,012	$ 11,148	$ 20,332	$ 63,314

If we were to fail either financial performance covenant, or any other covenant contained in the senior secured credit facility, we would seek a waiver from our lenders under such facility. If we were unable to obtain a waiver from our lenders and the default remained uncured after any applicable grace period, we would be in breach of the senior secured credit facility, and the lenders would be entitled to declare all outstanding borrowings immediately due and payable.

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

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, 2009, 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, 2009.

Market risk is the risk of loss arising from adverse changes in market rates and prices. The principal market risk to which we are exposed is interest rate risk associated with borrowings under our senior secured credit facility. Borrowings under our senior secured credit facility bear interest at a variable rate based on LIBOR or the lender's base rate. At June 30, 2010, we had outstanding borrowings of approximately $110.0 million under our senior secured credit facility.

We manage a portion of our interest rate risk with an interest rate swap, which reduces our exposure to changes in interest rates by converting variable interest rates to fixed interest rates. At June 30, 2010, we are party to an interest rate swap agreement with Wachovia Bank, N.A with a notional amount of $150.0 million that expires June 2011. Pursuant to the terms of the interest rate swap agreement, we pay a fixed rate of approximately 2.2% and receive an interest payment based on the one-month LIBOR. The net difference to be paid or received under the interest rate swap agreement is settled monthly and is recognized as an adjustment to interest expense.

Based on the outstanding balance of our variable-interest-rate debt at June 30, 2010, the terms of our interest rate swap agreement with a notional amount of $150.0 million, and assuming market interest rates increase or decrease by 100 basis points, the potential annual increase or decrease in interest expense is approximately $nil.

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 six months ended June 30, 2010 and 2009, we sold approximately 72,300 and 65,000 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 $92 and $62 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 June 30, 2010, pursuant to Rule 13a-15(b) under the Exchange Act. Based upon that evaluation, the Certifying Officers concluded that, as of June 30, 2010, 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

The following 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, 2009, filed on March 8, 2010, 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, include, but are not limited to:

- a reduction in revenue from any of our significant customers upon which we rely for a substantial majority of our revenue;
- failure by any of our significant customers to continue to engage us to provide services after the expiration of existing terminaling services agreements, or our failure to secure comparable alternative arrangements;
- debt levels and restrictions in our debt agreements that may limit our operational flexibility;
- we may have to refinance our existing debt in unfavorable market conditions;
- a lack of access to new capital would impair our ability to expand our operations;
- the impact of Morgan Stanley's status as a bank holding company on its ability to conduct certain nonbanking activities or retain certain investments, including control of our general partner;
- the availability of acquisition opportunities and successful integration and future performance of acquired facilities;
- competition from other terminals and pipelines that may be able to supply our significant customers with terminaling services on a more competitive basis;
- the continued creditworthiness of, and performance by, our significant customers;
- a decrease in demand for products in areas served by our terminals and pipelines;
- the ability of our significant customers to secure financing arrangements adequate to purchase their desired volume of product;
- the impact on our facilities or operations of extreme weather conditions, such as hurricanes, and other events, such as terrorist attacks or war and costs associated with environmental compliance and remediation;
- timing, cost and other economic uncertainties related to the construction of new tank capacity or facilities;
- the impact of current and future laws and governmental regulations, general economic, market or business conditions;
- the failure of our existing and future insurance policies to fully cover all risks incident to our business;
- the age and condition of many of our pipeline and storage assets may result in increased maintenance and remediation expenditures;
- our ability to generate sufficient cash from operations to enable us to maintain or grow the amount of the quarterly distribution to our unitholders;
- conflicts of interest and the limited fiduciary duties of our general partner, which is indirectly controlled by Morgan Stanley Capital Group;

- cost reimbursements, which are determined by our general partner, and fees paid to our general partner and its affiliates for services will continue to be substantial;

- the control of our general partner being transferred to a third party without unitholder consent;

- our general partners limited call right may require unitholders to sell their common units at an undesirable time or price;

- our failure to avoid federal income taxation as a corporation or the imposition of state level taxation;

- the impact of new IRS regulations or a challenge of our current allocation of income, gain, loss and deductions among our unitholders or our use of a calendar year end for federal income tax purposes; and

- the sale or exchange of 50% or more of our capital and profits interests within a 12-month period would result in a deemed termination of our partnership for income tax purposes.

In addition, each registrant is required to set forth in its quarterly report on Form 10-Q any material changes from the risk factors previously disclosed in the registrant's Annual Report on Form 10-K. As a result of the recent financial reform legislation discussed under "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report, you should carefully consider the following important factors that could cause actual results to differ materially from our expectations and may adversely affect our business or results of operations.

Morgan Stanley Capital Group, which is our largest customer and controls our general partner, is owned by Morgan Stanley. Morgan Stanley is a bank holding company under applicable federal banking law and regulations, which impose regulatory limitations on Morgan Stanley's ability to conduct certain nonbanking activities, or to retain or make certain investments. If the Board of Governors of the Federal Reserve System determines that certain of Morgan Stanley's activities or investments are not permissible, Morgan Stanley (i) may cause us to discontinue any such activity or divest any such investment, or (ii) may transfer control of our general partner to an unaffiliated third party.

Our general partner is an indirect wholly-owned subsidiary of Morgan Stanley Capital Group Inc., which, in turn, is a wholly-owned subsidiary of Morgan Stanley. Morgan Stanley is a "bank holding company," subject to consolidated supervision and regulation by the Board of Governors of the Federal Reserve System under the Bank Holding Company Act, as amended. Morgan Stanley qualifies as a bank holding company that is a "financial holding company."

On July 21, 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law by President Obama. The Dodd-Frank Act contains various provisions that affect financial firms, including financial holding companies, and amend various existing laws, including the Bank Holding Company Act. The Dodd-Frank Act and the Bank Holding Company Act, among other laws, contain restrictions and prohibitions on the activities and investments of financial holding companies. Various regulatory agencies, including the Federal Reserve Board, are required to issue regulations that carry out the intent of the Dodd-Frank Act's provisions. The Dodd-Frank Act is a part of a trend to increase regulatory supervision of the financial industry.

As a result of this trend for increased regulatory supervision, it is possible that legislative or regulatory changes may be made that would adversely affect Morgan Stanley's ability or business strategy to own and operate our general partner and to operate Partners. In addition, the Federal Reserve Board could conclude in the future that certain activities or investments will not be deemed permissible under the Bank Holding Company Act for any specific institution that is deemed to be systemically important, or for financial holding companies generally.

As a general matter, we are currently unable to predict whether Morgan Stanley's becoming subject to the consolidated supervision and regulation as a financial holding company, or any future changes in the statutes and regulations governing the activities of financial holding companies will have a material impact on us, or what any such impact may be. More specifically, we are unable to predict whether Morgan Stanley will be required to cause us to discontinue any activities or investments that may be deemed impermissible in the future, or whether such changes to such statutes or regulations would cause Morgan Stanley to seek to transfer control of our general partner to an unaffiliated third party, and whether either of those actions would have a material adverse impact on our financial condition or results of operations or the price of our common units.

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 June 30, 2010 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
April	840	$ 27.46	840	7,285
May	840	$ 29.66	840	6,445
June	840	$ 28.91	840	5,605
	2,520	$ 28.68	2,520	

All repurchases were made in the open market pursuant to a program announced on May 7, 2007 for the repurchase, from time to time, of our outstanding common units for purposes of making subsequent grants of restricted phantom units under the TransMontaigne Services Inc. Long-Term Incentive Plan to independent directors of our general partner. Pursuant to the terms of the repurchase program, we anticipate repurchasing annually up to 10,000 common units. During the three months ended June 30, 2010, we repurchased 2,520 common units with approximately $72,000 of aggregate market value for this purpose. There is no guarantee as to the exact number of common units that will be repurchased under the repurchase program, and the repurchase program may be discontinued at any time. Unless we choose to terminate the repurchase program earlier, the repurchase program terminates on the earlier to occur of May 31, 2012; our liquidation, dissolution, bankruptcy or insolvency; the public announcement of a tender or exchange offer for the common units; or a merger, acquisition, recapitalization, business combination or other occurrence of a "Change of Control" under the TransMontaigne Services Inc. Long-Term Incentive Plan.

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.

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.

Dated: August 9, 2010	**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
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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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 June 30, 2010;

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: August 9, 2010

/s/ CHARLES L. DUNLAP

Charles L. Dunlap
Chief Executive Officer

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Exhibit 31.1

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

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 June 30, 2010;

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: August 9, 2010

/s/ FREDERICK W. BOUTIN

Frederick W. Boutin
Chief Financial Officer

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Exhibit 31.2

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

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 June 30, 2010, 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
August 9, 2010

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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)

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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 June 30, 2010, 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
August 9, 2010

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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)