Risk Factors Comparison 2024-02-21 to 2023-03-02 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Limited partner interests are inherently different from the capital stock of a corporation, although many of the business risks to which we are subject are similar to those that would be faced by a corporation engaged in a business similar to ours. If any of the following risks were actually to occur, our business, financial condition or results of operations could be materially adversely affected. In this case, we might not be able to pay distributions on our common units, the trading price of our common units could decline and unitholders could lose all or part of their investment. These risk factors should be read in conjunction with the other detailed information concerning us set forth herein, including our accompanying financial statements and notes and " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations " included herein. Risk Factor Summary The following is a summary of risk factors that could adversely impact our business, financial condition, results of operations or our ability to make quarterly distributions to our unitholders: We may not have sufficient cash after the establishment of cash reserves and payment of our general partner' s expenses to enable us to pay a distribution each quarter. Restrictions in our debt instruments could prevent us from making distributions to our unitholders or limit our ability to pursue opportunities that would increase our distributions to unitholders. Demand for a portion of our terminalling and storage services is substantially dependent on the level of offshore oil and gas exploration, development and production activity. We have a significant amount of indebtedness. Debt we owe or incur in the future could limit our flexibility to obtain financing, to pursue other business opportunities, and to pay distributions to our unitholders. We have significant capital needs, and our ability to access the capital and credit markets to raise capital on favorable terms is limited by our debt level, industry conditions, and financial covenants in our debt instruments. Fluctuations in interest rates could materially affect our financial resultsWe are exposed to counterparty risk in our credit facility and hedging agreements and we may not be able to access funds under our credit facility if there is a default. We are exposed to counterparty credit risk. Nonpayment and nonperformance by our customers, suppliers or vendors could reduce our revenues, increase our expenses and otherwise have a negative impact on our ability to conduct our business, operating results, cash flows and ability to make distributions to our unitholders. Our future acquisitions may not be successful, may substantially increase our indebtedness and contingent liabilities and may create integration difficulties. Our and our customers' operations are subject to a series of risks arising out of the threat of climate change that could result in increased operating costs and reduced demand for our services. Subsidence and coastal erosion could damage our facilities along the U. S. Gulf Coast and offshore and the facilities of our customers, which could adversely affect our operations and financial condition. Adverse weather conditions, including droughts, hurricanes, tropical storms, ice storms, extreme cold weather and other severe weather **, exacerbated by climate change** , could reduce our results of operations and ability to make distributions to our unitholders. If we incur material liabilities that are not fully covered by insurance, such as liabilities resulting from accidents on rivers or at sea, spills, fires or explosions, our results of operations and ability to make distributions to our unitholders could be adversely affected. The price volatility of petroleum products and by- products could reduce our liquidity and results of operations and ability to make distributions to our unitholders. We could incur losses due to impairment in the carrying value of our long- lived assetsIncreasing energy prices could adversely affect our results of operations. Decreasing energy prices could adversely affect our results of operations. The natural decline in production in our operating regions and in other regions from which we source NGL supplies means our long- term success depends on our ability to obtain new sources of supplies of natural gas, NGLs and crude oil, which depends on certain factors beyond our control. Any decrease in supplies of natural gas, NGLs or crude oil could adversely affect our business and operating results. Our NGL and sulfur- based fertilizer products are subject to seasonal demand and could cause our revenues to vary. The highly competitive nature of our industry could adversely affect our results of operations and ability to make distributions to our unitholders. Our business is subject to compliance with environmental laws and regulations that could expose us to significant costs and liabilities and adversely affect our results of operations and ability to make distributions to our unitholders. Increasing scrutiny and changing expectations from stakeholders with respect to our environmental, social and governance practices may impose additional costs on us or expose us to new or additional risks. The loss or insufficient attention of key personnel could negatively impact our results of operations and ability to make distributions to our unitholders. Our loss of significant commercial relationships with Martin Resource Management Corporation could adversely impact our results of operations and ability to make distributions to our unitholders. Our business could be adversely affected if operations at our transportation, terminalling and storage and distribution facilities experienced significant interruptions. Our business could also be adversely affected if the operations of our customers and suppliers experienced significant interruptions. If third- party pipelines and other facilities interconnected to our terminals become partially or fully unavailable to transport natural gas, NGLs and crude oil, our revenues could be adversely affected. NASDAQ does not require a publicly traded partnership like us to comply with certain of its corporate governance requirements, and therefore, unitholders do not have the same protections afforded to shareholders of corporations subject to all NASDAQ requirements. Our marine transportation business could be adversely affected if we do not satisfy the requirements of the Jones Act or if the Jones Act were modified or eliminated. Our marine transportation business could be adversely affected if the U. S. Government purchases or requisitions any of our vessels under the Merchant Marine Act. Changes in transportation regulations may increase our costs and negatively impact our results of operations. Our interest rate swap activities could have a material adverse effect on our earnings, profitability, liquidity, cash flows and financial condition. A downgrade of our credit ratings could impact our liquidity, access to capital and costs of doing business, and maintaining credit ratings is under the control of independent third parties. The industry in which we operate is highly competitive ~~,~~ and increased competitive pressure could adversely affect our business and operating results. Information technology systems present potential targets for cyber security attacks, which could adversely affect our business. Our business is subject to complex and evolving U. S. laws and regulations regarding privacy and data protection (" data protection laws "). Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, increased cost of operations, or otherwise harm our business. Units available for future sales by us or our affiliates could have an adverse impact on the price of our common units or on any trading market that may develop. Unitholders have less power to elect or remove management of our general partner than holders of common stock in a corporation. It is unlikely that our common unitholders will have sufficient voting power to elect or remove our general partner without consent of Martin Resource Management Corporation and its affiliates. Our general partner' s discretion in determining the level of our cash reserves may adversely affect our ability to make cash distributions to our unitholders. Unitholders may not have limited liability if a court finds that we have not complied with applicable statutes or that unitholder action constitutes control of our business. Our Partnership Agreement contains provisions that reduce the remedies available to unitholders for actions that might otherwise constitute a breach of fiduciary duty by our general partner. We may issue additional common units without unitholder approval, which would dilute unitholder ownership interests. The control of our general partner may be transferred to a third party and that party could replace our current management team, without unitholder consent. Our general partner has a limited call right that may require unitholders to sell their common units at an undesirable time or price. Our common units have a limited trading volume compared to other publicly traded securities. Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes- Oxley Act could have a material adverse effect on our unit price. Cash reimbursements due to Martin Resource Management Corporation may be substantial and will reduce our cash available for distribution to our unitholders. Martin Resource Management Corporation has conflicts of interest and limited fiduciary responsibilities, which may permit it to favor its own interest to detriment of our unitholders. Martin Resource Management Corporation and its affiliates may engage in limited competition with us. If Martin Resource Management Corporation were ever to file for bankruptcy or otherwise default on its obligations under its credit facility, amounts we owe under our credit facility may become immediately due and payable and our results of operations could be adversely affected. The U. S. Internal Revenue Service (" IRS") could treat us as a corporation for tax purposes, which would substantially reduce the cash available for distribution to unitholders. The tax treatment of publicly traded partnerships or an investment in our units could be subject to potential legislative, judicial or administrative changes and differing interpretations, possibly on a retroactive basis. A successful IRS contest of the federal income tax positions we take could adversely affect the market for our common units and the costs of any contest will be borne by our unitholders, debt security holders and our general partner. If the IRS makes audit adjustments to our income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced. Unitholders may be required to pay taxes on income from us, including their share of income from the cancellation of debt, even if they do not receive any cash distributions from us. Tax gain or loss on the disposition of our common units could be different than expected. Unitholders may be subject to limitations on their ability to deduct interest expenses incurred by us. Tax- exempt entities and non- U. S. persons face unique tax issues from owning common units that may result in adverse tax consequences to them. We treat a purchaser of our common units as having the same tax benefits without regard to the seller' s identity. The IRS may challenge this treatment, which could adversely affect the value of the common units. Entity level taxes on income from C Corporation subsidiaries will reduce cash available for distribution, and an individual unitholder' s share of dividend and interest income from such subsidiaries would constitute portfolio income that could not be offset by the unitholder' s share of our other losses or deductions. Unitholders may be subject to state ~~,~~ **and** local ~~and foreign~~ taxes and return filing requirements as a result of investing in our common units. There are limits on the deductibility of our losses that may adversely affect our unitholders. We prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders. A unitholder whose units are loaned to a" short seller" to cover a short sale of units may be considered as having disposed of those units. If so, he would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition. We have adopted certain valuation methodologies and monthly conventions for U. S. federal income tax purposes that may result in a shift of income, gain, loss and deduction among our unitholders. The IRS may challenge this treatment, which could adversely affect the value of our units. Risks Relating to Our Business Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the risks set forth below. The risks described below should not be considered to be comprehensive and all- inclusive. Many of such factors are beyond our ability to control or predict. Unitholders are cautioned not to put undue reliance on forward- looking statements. Additional risks that we do not yet know of or that we currently think are immaterial may also impair our business operations, financial condition and results of operations. We may not have sufficient available cash each quarter in the future to pay distributions on our units. Under the terms of our Partnership Agreement, we must pay our general partner' s expenses and set aside any cash reserve amounts before making a distribution to our unitholders. The amount of cash we can distribute on our common units principally depends upon the amount of net cash generated from our operations, which will fluctuate from quarter to quarter based on, among other things: • the costs of acquisitions, if any; • the prices of petroleum products and by- products; • fluctuations in our working capital; • the level of capital expenditures we make; • restrictions contained in our debt instruments and our debt service requirements; • our ability to make working capital borrowings under our credit facility; and • the amount, if any, of cash reserves established by our general partner in its discretion. Unitholders should also be aware that the amount of cash we have available for distribution depends primarily on our cash flow, including cash flow from working capital borrowings, and not solely on profitability, which will be affected by noncash items. Other than the requirement in our Partnership Agreement to distribute all of our available cash each quarter, we have no legal obligation to declare quarterly cash distributions, and our general partner has considerable discretion to determine the amount of our available cash each quarter. In addition, our general partner determines the amount and timing of asset purchases and sales, capital expenditures, borrowings, issuances of additional partnership securities and the establishment of reserves, each of which can affect the amount of cash available for distribution to our unitholders. As a result, we may make cash distributions during periods when we record losses and may not make cash distributions during periods when we record net income. The payment of principal and interest on our indebtedness reduces the cash available for distribution to our unitholders. In addition, our credit facility and the indenture governing our secured notes severely restrict our ability to make distributions until our total leverage ratio (as defined in the applicable debt instruments) is less than 3. 75 to 1. 00 (under the indenture) and 4. 50 to 1. 00 (under our credit facility), pro forma first lien leverage is less than 1. 00 to 1. 00, and our pro forma liquidity is greater than or equal to 35 % of the commitments under our credit facility. After deleveraging, the covenants in our debt instruments will continue to restrict our ability to make distributions, including a prohibition in our credit facility from making cash distributions during a default or an event of default under our credit facility or if the payment of a distribution would cause a default or an event of default thereunder. Our leverage and various limitations in our debt instruments may reduce our ability to incur additional debt, engage in certain transactions, and capitalize on acquisition or other business opportunities that could increase cash flows and distributions to our unitholders. The level of offshore oil and gas exploration, development and production activity historically has been volatile and is likely to continue to be so in the future. The level of activity is subject to large fluctuations in response to relatively minor changes in a variety of factors that are beyond our control, including: • prevailing oil and natural gas prices and expectations about future prices and price volatility; • the ability of exploration and production companies to drill in other basins that have more attractive rates of return; • the cost of offshore exploration for and production and transportation of oil and natural gas; • worldwide demand for oil and natural gas ~~(e. g., the reduced demand following the recent COVID- 19 pandemic;~~ • consolidation of oil and gas and oil service companies operating offshore; • availability and rate of discovery of new oil and natural gas reserves in offshore areas; • local and international political and economic conditions and policies; • technological advances affecting energy production and consumption; • weather conditions; • climate change; • environmental regulation; and • the ability of oil and gas companies to generate or otherwise obtain funds for exploration and production As a result of the decline in commodity prices over the last several years, offshore development activity in the Gulf of Mexico declined substantially, diminishing demand for our terminalling and storage services. We can offer no assurance whether or when those activity levels will improve. Even if such activity levels improve, we expect such activity to continue to be volatile and affect demand for our terminalling and storage services. As of December 31, ~~2022~~ **2023** , we had approximately $ ~~516~~ **442** . ~~1~~ **5** million in principal amount of debt outstanding (including $ ~~171~~ **42** . ~~0~~ **5** million outstanding under our credit facility). Our indebtedness could have important consequences, including the following: • our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired **,** or such financing may not be available on favorable terms; • our funds available for operations, future business opportunities and distributions to unitholders will be reduced by that portion of our cash flows required to make interest payments on the debt; • we may be more vulnerable to competitive pressures or a downturn in our business or the economy generally; • we may be placed at a competitive disadvantage relative to competitors with lower levels of indebtedness in relation to their overall size, or those that have less restrictive terms governing their indebtedness, thereby enabling competitors to take advantage of opportunities that our indebtedness may prevent us from pursuing; and • our flexibility in responding to changing business and economic conditions may be limited. Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating results are not sufficient to service any current or future indebtedness, we will be forced to take actions such as further reducing distributions, reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets or seeking additional equity capital. We may not be able to ~~effect~~ **undertake** any of these actions on satisfactory terms or at all. Further, agreements we may enter into in the future governing our indebtedness could further restrict our ability to make quarterly distributions to our unitholders. Our primary sources of liquidity to meet operating expenses, service our indebtedness, pay distributions to our unitholders and fund capital expenditures have historically been provided by cash flows generated by our operations, borrowings under our credit facility and access to the debt and equity capital markets. Accessing capital in the capital markets has become difficult for many companies in the energy industry, in particular leveraged companies similar to us. Low and volatile commodity prices have also caused and may continue to cause lenders to increase interest rates, enact tighter lending standards, refuse to refinance existing debt around maturity on favorable terms or at all and may reduce or cease to provide funding to borrowers. Our inability to access the capital or credit markets on favorable terms could have a material adverse effect on our business, financial condition, results of operations, cash flows and liquidity and our ability to repay or refinance our debt. The covenants in our debt instruments restrict our ability to incur additional indebtedness. For instance, while our credit facility had $ ~~275~~ **175** . 0 million in lender commitments at December 31, ~~2022~~ **2023** , the amount we were able to borrow was limited by the financial covenants contained therein. Borrowings under our credit facility are at variable rates. Because a portion of our debt bears interest at variable rates, increases in interest rates could materially increase our interest expense. Based on our floating rate debt outstanding as of December 31, ~~2022~~ **2023** , a 100 basis point increase in interest rates on this amount of debt would result in an increase in interest expense and a corresponding decrease in net income of approximately $ ~~1~~ **0** . ~~7~~ **4** million annually **. We are exposed to counterparty risk in our credit facility and hedging agreements, and we may not be able to access funds under our credit facility if there is a default** . We rely on our credit facility to assist in financing a significant portion of our working capital, acquisitions and capital expenditures. Our ability to borrow under our credit facility may be impaired because: • one or more of our lenders may be unable or otherwise fail to meet its funding obligations; • the lenders do not have to provide funding if there is a default under the credit facility or if any of the representations or warranties included in the credit facility are false in any material respect; and • if any lender refuses to fund its commitment for any reason, whether or not valid, the other lenders are not required to provide additional funding to make up for the unfunded portion. If we are unable to access funds under our credit facility, we will need to meet our capital requirements, including some of our short- term capital requirements, using other sources. Alternative sources of liquidity may not be available on acceptable terms, if at all. If the cash generated from our operations or the funds we are able to obtain under our credit facility or other sources of liquidity are not sufficient to meet our capital requirements, then we may need to delay or abandon capital projects or other business opportunities, which could have a material adverse effect on our business, financial condition and results of operations. In addition, we have from time to time entered into hedging agreements to manage our interest rate and commodity risk exposure. If the counterparties fail to honor their commitments, we could experience higher interest rates or commodity price risk, which could have a material adverse effect on our business, financial condition and results of operations. Weak economic conditions and widespread financial distress could reduce the liquidity of our customers, suppliers or vendors, making it more difficult for them to meet their obligations to us. We are therefore subject to risks of loss resulting from nonpayment or nonperformance by our customers. Severe financial problems encountered by our customers could limit our ability to collect amounts owed to us, or to enforce the performance of obligations owed to us under contractual arrangements. In the event that any of our customers was to enter into bankruptcy, we could lose all or a portion of the amounts owed to us by such customer, and we may be forced to cancel all or a portion of our contracts with such customer at significant expense to us. In addition, nonperformance by suppliers or vendors who have committed to provide us with critical products or services could raise our costs or interfere with our ability to successfully conduct our business. We may not be able to successfully integrate any future acquisitions into our existing operations or achieve the desired profitability from such acquisitions. These acquisitions may require substantial capital expenditures and the incurrence of additional indebtedness. If we make acquisitions, our capitalization and results of operations may change significantly. Further, any acquisition could result in: • post- closing discovery of material undisclosed liabilities of the acquired business or assets; • the unexpected loss of key employees or customers from the acquired businesses; • difficulties resulting from our integration of the operations, systems and management of the acquired business; and • an unexpected diversion of our management' s attention from other operations. If any future acquisitions are unsuccessful or result in unanticipated events or if we are unable to successfully integrate acquisitions into our existing operations, such acquisitions could adversely affect our results of operations, cash flow and ability to make distributions to our unitholders. The threat of climate change continues to attract considerable attention in the U. S. and in foreign countries. Numerous proposals have been made and could continue to be made at the international, national, regional, and state levels to monitor and limit existing emissions of GHGs as well as to restrict or eliminate such future emissions. As a result, our operations, as well as the operations of our customers, are subject to a series of regulatory, political, financial, and litigation risks associated with the processing, terminalling, storage, and transportation of fossil fuels, petroleum products, and emission of GHGs. In the U. S., no comprehensive climate change legislation has been implemented at the federal level. However, the EPA has adopted rules that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas system sources in the U. S., and implement New Source Performance Standards directing the reduction of methane from certain new, modified, or reconstructed facilities in the oil and natural gas sector, including midstream sources. ~~The~~ **In December 2023, the** United States Environmental Protection Agency ~~has proposed~~ **announced final** strict new methane emission regulations for certain oil and gas facilities and the IRA ~~establishes~~ **established** a charge on methane emissions above certain limits from the same facilities. Despite potential changes with respect to the federal regulation of GHGs, various states and groups of states have adopted or are considering adopting legislation, regulations, or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, and various other measures that would restrict emissions of GHGs from different industrial sectors. At the international level, pursuant to the Paris Agreement, over 190 countries have committed to limiting their GHG emissions through individually- determined reduction goals every five years after 2020. In November 2020, the U. S. formally withdrew from the Paris Agreement. However, on January 20, 2021, President Biden signed an " Acceptance on Behalf of the U. S., " and the U. S. officially rejoined the Paris Agreement on February 19, 2021. As part of rejoining the Paris Agreement, President Biden announced that the U. S. would commit to a 50 to 52 percent reduction from 2005 levels of GHG emissions by 2030 and set the goal of reaching net- zero GHG emissions by 2050. **In December 2023, the United Nations Climate Change Conference (" COP 28") held in Dubai issued its first global stocktake agreement, which called on parties, including the United States, to contribute to the transitioning away from fossil fuels, reduction of methane emissions, and increase in renewable energy capacity to achieve net zero emissions by 2050.** State, federal, and international regulatory measures have the potential to increase our operating costs through direct regulation of GHG emissions resulting from our operations ~~,~~ and could also indirectly adversely affect our operations by decreasing demand for our services and products. **Our** ~~For example, our~~ business could be impacted by initiatives to address greenhouse gases and climate change and incentives to conserve energy or use alternative energy sources. For example, the IRA, signed into law in August 2022 by President Biden, includes incentives to increase renewable energy, such as wind and solar electric generation, and encourages consumers to use these alternative energy sources. The IRA and similar state or federal initiatives to incentivize a shift away from fossil fuels could reduce demand for hydrocarbons, thereby reducing demand for our products and services and negatively impacting our business. Additionally, there are increasing potential financial risks for fossil fuel energy companies as environmental activists concerned about the potential effects of climate change are focusing intensive lobbying efforts on institutional lenders, including financial institutions and institutional investors, not to provide funding to such companies. Institutional lenders may, of their own accord, elect not to provide funding to fossil fuel energy companies based on climate change concerns. Limitation of investments in fossil fuel energy companies could result in the restriction, delay, or cancellation of drilling programs or development or production activities of our customers, and, consequently, reduce their demand for our services. Separately, increased attention to climate change risks has increased the possibility of claims brought by public and private entities against energy companies in connection with their GHG emissions and alleged damages resulting from the alleged physical impacts of climate change, such as flooding, coastal erosion, and severe weather events. While courts have generally declined to assign direct liability for climate change to large sources of GHG emissions, new claims for damages and increased government scrutiny, especially from state and local governments, will likely continue. While we are not currently party to any such private litigation, we could be named in future actions making similar claims of liability. Moreover, societal pressures or political or other factors may shape the success of such claims, without regard to the company' s causation of or contribution to the asserted damage, or to other mitigating factors. The adoption and implementation of new or more stringent international, federal, or state legislation, regulations, or other regulatory initiatives that impose more stringent standards for GHG emissions from oil and natural gas producers or their midstream services providers such as ~~ourselves~~ **us** could result in increased costs of compliance or costs of consuming, and thereby reduce demand for or erode value for, the petroleum products and by- products that we process, store and transport. Additionally, political, financial, and litigation risks may result in our customers restricting or cancelling oil and natural gas production activities, which could result in reduced demand for our services. We may also suffer claims for infrastructure damages allegedly caused by climactic changes or be unable to continue to operate in an economic manner. One or more of these developments could have a material adverse effect on our business, financial condition, results of operations and cash flows. Our assets and operations along the U. S. Gulf Coast and offshore could be impacted by subsidence and coastal erosion. Such processes potentially could cause serious damage to our terminal facilities, which could affect our ability to provide our processing, terminalling, storage and transportation services in the manner presently provided or in a manner consistent with our present plans. Additionally, such processes could impact our customers who operate along the U. S. Gulf Coast, and they may be unable to utilize our services. Subsidence and coastal erosion could also expose our operations to increased risk associated with severe weather conditions, such as hurricanes, flooding, and rising sea levels. As a result, we may incur significant costs to repair and preserve our facilities. Such costs could adversely affect our business, financial condition, results of operations, and cash flows. Our distribution network and operations are primarily concentrated in the Gulf Coast region of the U. S. and along the Mississippi River inland waterway. Weather in these regions is sometimes severe (including tropical storms and hurricanes) and can be a major factor in our day- to- day operations. Our marine transportation operations can be significantly delayed, impaired or postponed by adverse weather conditions, such as fog in the winter and spring months and certain river conditions. Additionally, our marine transportation operations and our assets in the Gulf of Mexico, including our barges, push boats, tugboats and terminals, can be adversely impacted or damaged by hurricanes, tropical storms, tidal waves or other related events. Demand for our lubricants and the diesel fuel we throughput in our Terminalling and Storage segment can be affected if offshore drilling operations are disrupted by weather in the Gulf of Mexico. In addition, our assets are vulnerable to winter storms and extreme cold weather. For example, in February 2021, we experienced Winter Storm Uri (" Uri"), an unprecedented storm bringing extreme cold temperatures **and freezing precipitation** to Texas and the surrounding areas, which resulted in ~~gulf~~ **Gulf** ~~coast~~ **Coast** refineries running at reduced rates or halting operations entirely. The majority of the impact we experienced was centered around our transportation and sulfur services segments, where we saw reduced activity due to Uri' s impact on Gulf Coast refinery utilization. Additionally, our Smackover Refinery was down approximately nine days due to Uri, during which time we began preparations for the previously scheduled turnaround in March of 2021 ~~.~~. National weather conditions have a substantial impact on the demand for our products. Extreme weather conditions (either wet or dry) have in recent years decreased the demand for fertilizer. For example, an unusually wet spring can delay planting of seeds, which can leave insufficient time to apply fertilizer at the planting stage. Conversely, drought conditions can kill or severely stunt the growth of crops, thus eliminating the need to nurture plants with fertilizer. Likewise, unusually warm weather during the winter months can cause a significant decrease in the demand for NGL products. Any of these or similar conditions could result in a decline in our net income and cash flow, which would reduce our ability to make distributions to our unitholders. Our operations are subject to the operating hazards and risks incidental to terminalling and storage, marine transportation and the distribution of petroleum products and by- products and other industrial products. These hazards and risks, many of which are beyond our control, include: • accidents on rivers or at sea and other hazards that could result in releases, spills and other environmental damages, personal injuries, loss of life and suspension of operations; • leakage of NGLs and other petroleum products and by- products; • fires and explosions; • damage to transportation, terminalling and storage facilities and surrounding properties caused by natural disasters; and • terrorist attacks or sabotage. Our insurance coverage may not be adequate to protect us from all material expenses related to potential future claims for personal- injury and property damage, including various legal proceedings and litigation resulting from these hazards and risks. If we incur material liabilities that are not covered by insurance, our operating results, cash flow and ability to make distributions to our unitholders could be adversely affected. Changes in the insurance markets attributable to the effects of hurricanes and their aftermath may make some types of insurance more difficult or expensive for us to obtain. As a result, we may be unable to secure the levels and types of insurance we would otherwise have secured prior to such events. Moreover, the insurance that may be available to us may be significantly more expensive than our existing insurance coverage. We purchase petroleum products and by- products, such as molten sulfur, fuel oils, NGLs ~~(including normal butane)~~ , lubricants, and other bulk liquids and sell these products to wholesale and bulk customers and to other end users. We also generate revenues through the terminalling and storage of certain products for third parties. The price and market value of petroleum products and by- products could be, and has recently been, volatile. Our liquidity and revenues have been adversely affected by this volatility during periods of decreasing prices because of the reduction in the value and resale price of our inventory. In addition, our liquidity and costs have been adversely affected during periods of increasing prices because of the increased costs associated with our purchase of petroleum products and by- products. Future price volatility could have an adverse impact on our liquidity and results of operations, cash flow and ability to make distributions to our unitholders. We could incur losses due to impairment in the carrying value of our long- lived assets. We periodically evaluate goodwill and long- lived assets for impairment. Our impairment analyses for long- lived assets require management to apply judgment in evaluating whether events and circumstances are present that indicate an impairment may have occurred. If we believe an impairment may have occurred judgments are then applied in estimating future cash flows and useful lives, as well as assessing the probability of different outcomes. To perform the impairment assessment for goodwill, we use a discounted cash flow analysis, supplemented by a market approach analysis. Key assumptions in the analysis include industry and economic factors, future operating results and discount rates. In estimating cash flows, we use present economic conditions, as well as future expectations. If actual results are not consistent with our assumptions and estimates, or our assumptions and estimates change due to new information, we may be exposed to impairment charges. Adverse changes in our business or the overall operating environment may affect our estimate of future operating results, which could result in future impairment due to the potential impact on our operations and cash flows. Increasing energy prices could adversely affect our results of operations. Diesel fuel, natural gas, chemicals and other supplies are recorded in operating expenses. An increase in price of these products would increase our operating expenses, which could adversely affect our results of operations, including net income and cash flows. We cannot assure unitholders that we will be able to pass along increased operating expenses to our customers. Decreasing energy prices could adversely affect our results of operations. **U. S. and global markets are experiencing volatility and disruption following the escalation of geopolitical tensions between Ukraine and Russia, which has devolved into military conflict. Commodity prices also have been impacted by political instability in China and the Middle East (including the conflict in Israel).** If commodity prices remain weak for a sustained period, our terminalling throughput volumes may be negatively impacted, particularly as producers are curtailing or redirecting drilling, adversely affecting our results of operations. A sustained decline in commodity prices could result in a decrease in activity in the areas served by certain of our terminalling and storage and transportation assets resulting in reduced utilization of these assets. For example, in 2020, the markets experienced a decline in oil prices in response to oil demand concerns due to the economic impacts of the COVID- 19 pandemic, greatly impacting the demand for refined products resulting in a significant reduction in refinery utilization. The significant reduction in refinery utilization as a result of reduced refined products demand significantly impacted our Transportation and NGL segments. As the volume of products produced or purchased by refineries ~~was~~ **has** been reduced, demand for our services decreased. Our terminalling and storage, transportation and NGL services depend on crude oil and natural gas wells from which production will naturally decline over time, which means that the cash flows associated with these sources of natural gas and crude oil will likely also decline over time. To maintain or increase our levels of operation, we must continually obtain new natural gas, NGL and crude oil supplies. A material decrease in natural gas or crude oil production from producing areas on which we rely, as a result of depressed commodity prices or otherwise, could result in a decline in the volume of petroleum products for which we provide terminalling, storage and transportation service or NGL products delivered to our facilities. Our ability to obtain additional sources of natural gas, NGLs and crude oil depends, in part, on the level of successful drilling and production activity near our terminals and other areas from which we source NGL and crude oil supplies. We have no control over the level of such activity in the areas of our operations, the amount of reserves associated with the wells or the rate at which production from a well will decline. In addition, we have no control over producers or their drilling, completion or production decisions, which are affected by, among other things, prevailing and projected energy prices, demand for hydrocarbons, the level of reserves, geological considerations, governmental regulations, the availability of drilling rigs, other production and development costs and the availability and cost of capital. Fluctuations in energy prices can greatly affect production rates and investments by third parties in the development of new oil and natural gas reserves. Drilling and production activity generally decreases as crude oil and natural gas prices decrease. Prices of crude oil and natural gas have been historically volatile, and we expect this volatility to continue. Consequently, even if new natural gas or crude oil reserves are discovered in areas served by our assets, producers may choose not to develop those reserves. For example, current low prices for natural gas combined with relatively high levels of natural gas in storage could result in curtailment or shut- in of natural gas production similar to the production shut- ins we experienced in 2020 due to the impacts of the COVID- 19 pandemic. Furthermore, in response to depressed commodity prices, many operators have announced substantial reductions in their estimated capital expenditures, rig count and completion crews. Reductions in exploration and production activity, competitor actions or shut- ins by producers in the areas in which we operate may prevent us from obtaining supplies of natural gas or crude oil to replace the natural decline in volumes from existing wells, which could result in reduced volumes through our facilities and reduced utilization of our assets. Our sulfur- based fertilizer products are subject to seasonal demand and could cause our revenues to vary. The demand for our sulfur- based fertilizer products **generally** ~~experience~~ **experiences** an increase in demand during the spring, which increases the revenue generated by this business line in this period compared to other periods. The seasonality of the revenue from these products may cause our results of operations to vary on a quarter- to- quarter basis and thus could cause our cash available for quarterly distributions to fluctuate from period to period. We operate in a highly competitive marketplace in each of our primary business segments. Most of our competitors in each segment are larger companies with greater financial and other resources than we possess. We may lose customers and future business opportunities to our competitors and any such losses could adversely affect our results of operations and ability to make distributions to our unitholders. Our business is subject to federal, state and local environmental laws and regulations governing the discharge of materials into the environment or otherwise relating to protection of human health, natural resources and the environment. These laws and regulations may impose numerous obligations that are applicable to our operations, such as: requiring the acquisition of permits to conduct regulated activities; restricting the manner in which we can release materials into the environment; requiring remedial activities or capital expenditures to mitigate pollution from former or current operations; and imposing substantial liabilities on us for pollution resulting from our operations. Numerous governmental authorities, such as the EPA and analogous state agencies, have the power to enforce compliance with these laws and regulations and the permits issued under them, oftentimes requiring difficult and costly actions. Many environmental laws and regulations can impose joint and several strict liability, and any failure to comply with environmental laws, regulations and permits may result in the assessment of administrative, civil and criminal penalties, the imposition of investigatory and remedial obligations and, in some circumstances, the issuance of injunctions that can limit or prohibit our operations. The continuing trend in environmental regulation is to place more restrictions and limitations on activities that may affect the environment, and, thus, any changes in environmental laws and regulations that result in more stringent and costly waste handling, storage, transport, disposal or remediation requirements could have a material adverse effect on our operations and financial position. Companies across all industries are facing increasing scrutiny from stakeholders related to their environmental, social, and governance (" ESG ") practices. Investor advocacy groups, certain institutional investors, investment funds, and other influential investors are also increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. Regardless of the industry, investors' increased focus and activism related to ESG and similar matters may hinder access to capital, as investors may decide to reallocate capital or to not commit capital as a result of their assessment of a company' s ESG practices. Companies that do not adapt to or comply with investor or stakeholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition, and / or stock price of such a company could be materially and adversely affected. Our stakeholders may require us to implement ESG procedures or standards in order to remain invested in us or before they may make further investments in us. Additionally, we may face reputational challenges in the event our ESG procedures or standards do not meet the standards set by certain constituencies. If we do not meet our stakeholders' expectations, our business, ability to access capital, and / or our common unit price could be harmed. Additionally, adverse effects upon the oil and gas industry related to the worldwide social and political environment, including uncertainty or instability resulting from climate change, changes in political leadership and environmental policies, changes in geopolitical- social views toward fossil fuels and renewable energy, concern about the environmental impact of climate change and investors' expectations regarding ESG matters, may also adversely affect demand for our services. Any long- term material adverse effect on the oil and gas industry could have a significant financial and operational adverse impact on our business. Our success is largely dependent upon the continued services of members of the senior management team of Martin Resource Management Corporation. Those senior officers have significant experience in our businesses and have developed strong relationships with a broad range of industry participants. The loss of any of these executives could have a material adverse effect on our relationships with these industry participants, our results of operations and our ability to make distributions to our unitholders. We do not have employees. We rely solely on officers and employees of Martin Resource Management Corporation to operate and manage our business. Martin Resource Management Corporation operates businesses and conducts activities of its own in which we have no economic interest. There could be competition for the time and effort of the officers and employees who provide services to our general partner. If these officers and employees do not or cannot devote sufficient attention to the management and operation of our business, our results of operations and ability to make distributions to our unitholders may be reduced. Martin Resource Management Corporation provides us with various services and products pursuant to various commercial contracts. The loss of any of these services and products provided by Martin Resource Management Corporation could have a material adverse impact on our results of operations, cash flow and ability to make distributions to our unitholders. Additionally, we provide terminalling and storage, processing and marine transportation services to Martin Resource Management Corporation to support its businesses under various commercial contracts. The loss of Martin Resource Management Corporation as a customer could have a material adverse impact on our results of operations, cash flow and ability to make distributions to our unitholders. Our operations are dependent upon our terminalling and storage facilities and various ~~means~~ **modes** of transportation. We are also dependent upon the uninterrupted operations of certain facilities owned or operated by our suppliers and customers. Any significant interruption at these facilities or inability to transport products to or from these facilities or to or from our customers for any reason would adversely affect our results of operations, cash flow and ability to make distributions to our unitholders. Operations at our facilities and at the facilities owned or operated by our suppliers and customers could be partially or completely shut down, temporarily or permanently, as the result of any number of circumstances that are not within our control, such as: • catastrophic events, including hurricanes; • environmental remediation; • labor difficulties; and • disruptions in the supply of our products to our facilities or ~~means~~ **modes** of transportation. Additionally, terrorist attacks and acts of sabotage could target oil and gas production facilities, refineries, processing plants, terminals and other infrastructure facilities. Any significant interruptions at our facilities, facilities owned or operated by our suppliers or customers, or in the oil and gas industry as a whole caused by such attacks or acts could have a material adverse effect on our results of operations, cash flow and ability to make distributions to our unitholders. We depend upon third- party pipelines, storage and other facilities that provide delivery options to and from our terminals. Since we do not own or operate these pipelines **, storage,** or other facilities, their continuing operation in their current manner is not within our control. If any of these third- party facilities become partially or fully unavailable, or if the quality specifications for their facilities change so as to restrict our ability to utilize them, our revenues could be adversely affected. Because we are a publicly traded partnership, the Nasdaq Global Select Market (" NASDAQ") does not require our general partner to have a majority of independent directors on its board of directors or to establish a compensation committee or nominating and corporate governance committee. Accordingly, unitholders do not have the same protections afforded to certain corporations that are subject to all of NASDAQ corporate governance requirements. The Jones Act is a federal law that restricts domestic marine transportation in the U. S. to vessels built and registered in the U. S. Furthermore, the Jones Act requires that the vessels be manned and owned by U. S. citizens. If we fail to comply with these requirements, our vessels lose their eligibility to engage in coastwise trade within U. S. domestic waters. The requirements that our vessels be U. S. built and manned by U. S. citizens, the crewing requirements and material requirements of the Coast Guard and the application of U. S. labor and tax laws significantly increase the costs of U. S. flagged vessels when compared with foreign- flagged vessels. During the past several years, certain interest groups have lobbied Congress to repeal the Jones Act to facilitate foreign flag competition for trades and cargoes reserved for U. S. flagged vessels under the Jones Act and cargo preference laws. If the Jones Act were to be modified **or eliminated** to permit foreign competition that would not be subject to the same U. S. government **-** imposed costs, we may need to lower the prices we charge for our services in order to compete with foreign competitors, which would adversely affect our cash flow and ability to make distributions to our unitholders. We are subject to the Merchant Marine Act of 1936, which provides that, upon proclamation by the U. S. President of a national emergency or a threat to the national security, the U. S. Secretary of Transportation may requisition or purchase any vessel or other watercraft owned by U. S. citizens (including us, provided that we are considered a U. S. citizen for this purpose). If one of our push boats, tugboats or tank barges were purchased or requisitioned by the U. S. government under this law, we would be entitled to be paid the fair market value of the vessel in the case of a purchase or, in the case of a requisition, the fair market value of charter hire. However, if one of our push boats or tugboats is requisitioned or purchased and its associated tank barge is left idle, we would not be entitled to receive any compensation for the lost revenues resulting from the idled barge. We also would not be entitled to be compensated for any consequential damages we suffer as a result of the requisition or purchase of any of our push boats, tugboats or tank barges. If any of our vessels are purchased or requisitioned for an extended period of time by the U. S. government, such transactions could have a material adverse effect on our results of operations, cash flow and ability to make distributions to our unitholders. We are subject to various transportation regulations by the U. S. Department of Transportation and analogous state agencies, whose regulations include certain permit requirements of highway and safety authorities. These regulatory authorities exercise broad powers over our trucking operations, generally governing such matters as the authorization to engage in motor carrier operations, safety, equipment testing, driver requirements and specifications, and insurance requirements. The trucking industry is subject to possible regulatory and legislative changes that may impact our operations, such as changes in fuel emissions limits, hours of service regulations that govern the amount of time a driver may drive or work in any specific period, and limits on vehicle weight and size. As the federal government continues to develop and propose regulations relating to fuel quality, engine efficiency and GHG emissions, we may experience an increase in costs related to truck purchases and maintenance, impairment of equipment productivity, a decrease in the residual value of vehicles, and an increase in operating expenses. Increased truck traffic may contribute to deteriorating road conditions in some areas where we operate. Our operations could also be affected by road construction, road repairs, detours and state and local regulations and ordinances restricting access to certain roads. Proposals to increase federal, state, or local taxes, including taxes on motor fuels, are also made from time to time, and any such increase could increase our operating costs. Additionally, state and local regulation of permitted routes and times on specific roadways could adversely affect our operations. We cannot predict whether, or in what form, any legislative or regulatory changes or municipal ordinances applicable to our trucking operations will be enacted or to what extent any such legislation or regulations could increase our costs or otherwise adversely affect our business or operations. We enter into interest rate swap agreements from time to time to manage some of our exposure to interest rate volatility. These swap agreements involve risks, such as the risk that counterparties may fail to honor their obligations under these arrangements. In addition, these arrangements may not be effective in reducing our exposure to changes in interest rates. When we use forward- starting interest rate swaps, there is a risk that we will not complete the long- term borrowing against which the swap is intended to hedge. If such events occur, our results of operations may be adversely affected. A downgrade of our credit ratings may increase our cost of borrowing and could require us to post collateral with third parties, negatively impacting our available liquidity. Our and our subsidiaries' ability to access capital markets could also be limited by a downgrade of our credit ratings. Credit rating agencies perform independent analysis when assigning credit ratings. The analysis includes a number of criteria including, but not limited to, business composition, market and operational risks, as well as various financial tests. Credit rating agencies continue to review the criteria for industry sectors and various debt ratings and may make changes to those criteria from time to time. Credit ratings are not recommendations to buy, sell or hold investments in the rated entity. Ratings are subject to revision or withdrawal at any time by the rating agencies, and we cannot assure you that we will maintain our current credit ratings. We compete with similar enterprises in our respective areas of operation. Some of our competitors are large oil, natural gas and petrochemical companies that have greater financial resources and access to supplies of NGLs than we do. Our customers who produce NGLs may develop their own systems to transport NGLs in lieu of using ours. Our ability to renew or replace existing contracts with our customers at rates sufficient to maintain current revenues and cash flows could be adversely affected by the activities of our competitors and our customers. All of these competitive pressures could have a material adverse effect on our business, results of operations, financial condition and ability to make cash distributions to our unitholders. We are reliant on technology to improve efficiency in our business. Information technology systems are critical to our operations and those of our third- party providers with whom we are connected. These systems could be a potential target for a cyber **-** security attack as they are used to store and process sensitive information regarding our operations, financial position, and information pertaining to our customers and vendors. Dependence on automated systems may increase the risks related to operational systems failures and breaches of critical operational or financial controls, and tampering or deliberate manipulation of such systems may result in losses that are difficult to detect. While we take the utmost precautions, we cannot guarantee safety from all threats and attacks. Some individuals and groups, including criminal organizations and state- sponsored groups, have attempted to gain unauthorized access to computer networks of U. S. businesses and mounted so- called " cyberattacks " to disable or disrupt computer systems, disrupt operations, and steal funds or data including through so- called " phishing " schemes, which are attempts to obtain unauthorized access by targeted acts of deception against individuals with legitimate access to physical locations or information. For example, in 2021, a company in the midstream industry suffered a ransomware cyberattack that impacted computerized equipment managing a pipeline and resulted in the halt of the pipeline' s operations in order to contain the attack. Any successful breach of security with respect to us or our third- party providers could result in the spread of inaccurate or confidential information, disruption of operations, environmental harm, endangerment of employees, damage to our assets, and increased costs to respond. Any of these instances could have a negative impact on cash flows, litigation status and / or our reputation, which could have a material adverse effect on our business, financial conditions and operations. ~~Due to COVID- 19 protocols, many~~ **Many** of our employees and those of our service providers, vendors and customers **may** ~~have been accessing~~ --- **access** computer systems remotely where their cybersecurity protections may be less robust and our cybersecurity procedures and safeguards may be less effective. While we make significant investments in technology security and we carefully evaluate the security of selected cloud system providers and cloud storage providers, there can be no guarantee that information security efforts will be totally effective. Moreover, as cyberattacks continue to evolve, we may be required to expend significant additional resources to further enhance our digital security or to remediate vulnerabilities. In addition, cyberattacks against us or others in our industry could result in additional regulations, which could lead to increased regulatory compliance costs, insurance coverage cost, or capital expenditures and any failure by us to comply with these additional regulations could result in significant penalties and liability to us. In May and July 2021, following ransomware attacks on a major petroleum pipeline, the Department of Homeland Security issued security directives to certain midstream pipeline companies that require such companies to appoint cybersecurity personnel, perform cybersecurity assessments and complete specific network enhancements, and report incidents and other information to the Department' s Cybersecurity and Infrastructure Security Agency. We cannot predict the potential impact to our business or the energy industry resulting from additional regulations. The regulatory environment surrounding data privacy and protection is constantly evolving and can be subject to significant change. New data protection laws pose increasingly complex compliance challenges and potentially elevate our costs. Complying with varying jurisdictional requirements could increase the costs and complexity of compliance, and violations of applicable data protection laws can result in significant penalties. Any failure, or perceived failure, by us to comply with applicable data protection laws could result in proceedings or actions against us by governmental entities or others, subject us to significant fines, penalties, judgments, and negative publicity, require us to change our business practices, increase the costs and complexity of compliance, and adversely affect our business. As noted above, we are also subject to the possibility of cyberattacks, which themselves may result in a violation of these laws. Risks Relating to an Investment in the Common Units Common units will generally be freely transferable without restriction or further registration under the Securities Act, except that any common units held by an" affiliate" of ours may not be resold publicly except in compliance with the registration requirements of the Securities Act or under an exemption under Rule 144 or otherwise. Our Partnership Agreement provides that we may issue an unlimited number of limited partner interests of any type without a vote of the unitholders. Our general partner may also cause us to issue an unlimited number of additional common units or other equity securities of equal rank with the common units, without unitholder approval, in a number of circumstances such as: • the issuance of common units in additional public offerings or in connection with acquisitions that increase cash flow from operations on a pro forma, per unit basis; • the conversion of subordinated units into common units; • the conversion of units of equal rank with the common units into common units under some circumstances; or • the conversion of our general partner' s general partner interest in us as a result of the withdrawal of our general partner. Our Partnership Agreement does not restrict our ability to issue equity securities ranking junior to the common units at any time. Any issuance of additional common units or other equity securities would result in a corresponding decrease in the proportionate ownership interest in us represented by ~~,~~ and could adversely affect the cash distributions to and market price of, common units then outstanding. Under our Partnership Agreement, our general partner and its affiliates have the right to cause us to register under the Securities Act and applicable state securities laws the offer and sale of any units that they hold. Subject to the terms and conditions of our Partnership Agreement, these registration rights allow the general partner and its affiliates or their assignees holding any units to require registration of any of these units and to include any of these units in a registration by us of other units, including units offered by us or by any unitholder. Our general partner will continue to have these registration rights for two years following its withdrawal or removal as a general partner. In connection with any registration of this kind, we will indemnify each unitholder participating in the registration and its officers, directors, and controlling persons from and against any liabilities under the Securities Act or any applicable state securities laws arising from the registration statement or prospectus. Except as described below, the general partner and its affiliates may sell their units in private transactions at any time, subject to compliance with applicable laws. Our general partner and its affiliates, with our concurrence, have granted comparable registration rights to their bank group to which their partnership units have been pledged. The sale of any common or subordinated units could have an adverse impact on the price of the common units or on any trading market that may develop. Unitholders have less power to elect or remove management of our general partner than holders of common stock in a corporation. It is unlikely that our common unitholders will have sufficient voting power to elect or remove our general partner without the consent of Martin Resource Management Corporation and its affiliates. Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and therefore limited ability to influence management' s decisions regarding our business. Unitholders did not elect our general partner or its directors and will have no right to elect our general partner or its directors on an annual or other continuing basis. Holdings, the sole member of MMGP, elects the board of directors of our general partner. If unitholders are dissatisfied with the performance of our general partner, they will have a limited ability to remove our general partner. Our general partner generally may not be removed except upon the vote of the holders of at least 66 2 / 3 % of the outstanding units voting together as a single class. As of December 31, ~~2022~~ **2023** , Martin Resource Management Corporation owned 15. 7 % of our total outstanding common limited partner units and all of the ownership interests in MMGP, our general partner. Unitholders' voting rights are further restricted by our Partnership Agreement provision prohibiting any units held by a person owning 20 % or more of any class of units then outstanding, other than our general partner, its affiliates, their transferees and persons who acquired such units with the prior approval of our general partner' s directors, from voting on any matter. In addition, our Partnership Agreement contains provisions limiting the ability of unitholders to call meetings or to acquire information about our operations, as well as other provisions limiting the unitholders' ability to influence the manner or direction of management. As a result of these provisions, it will be more difficult for a third party to acquire our partnership without first negotiating the acquisition with our general partner. Consequently, it is unlikely the trading price of our common units will ever reflect a takeover premium. Our Partnership Agreement requires our general partner to deduct from operating surplus cash reserves that it determines in its reasonable discretion to be necessary to fund our future operating expenditures. In addition, our Partnership Agreement permits our general partner to reduce available cash by establishing cash reserves for the proper conduct of our business, to comply with applicable law or agreements to which we are a party, or to provide funds for future distributions to partners. These cash reserves will affect the amount of cash available for distribution to our unitholders. The limitations on the liability of holders of limited partner interests for the obligations of a limited partnership have not been clearly established in some states. The holder of one of our common units could be held liable in some circumstances for our obligations to the same extent as a general partner if a court were to determine that: • we had been conducting business in any state without compliance with the applicable limited partnership statute; or • the right or the exercise of the right by our unitholders as a group to remove or replace our general partner, to approve some amendments to our Partnership Agreement, or to take other action under our Partnership Agreement constituted participation in the" control" of our business. Our general partner generally has unlimited liability for our obligations, such as our debts and environmental liabilities, except for our contractual obligations that are expressly made without recourse to our general partner. In addition, under some circumstances, a unitholder may be liable to us for the amount of a distribution for a period of nine years from the date of the distribution. Our Partnership Agreement limits the liability and reduces the fiduciary duties of our general partner to the unitholders. Our Partnership Agreement also restricts the remedies available to unitholders for actions that would otherwise constitute breaches of our general partner' s fiduciary duties. For example, our Partnership Agreement: • permits our general partner to make a number of decisions in its" sole discretion." This entitles our general partner to consider only the interests and factors that it desires, and it has no duty or obligation to give any consideration to any interest of, or factors affecting, us, our affiliates or any limited partner; • provides that our general partner is entitled to make other decisions in its" reasonable discretion," which may reduce the obligations to which our general partner would otherwise be held; • ~~generally~~ provides that affiliated transactions and resolutions of conflicts of interest not involving a required vote of unitholders must be" fair and reasonable" to us and that, in determining whether a transaction or resolution is" fair and reasonable," our general partner may consider the interests of all parties involved, including its own; and • provides that our general partner and its officers and directors will not be liable for monetary damages to us, our limited partners or assignees for errors of judgment or for any acts or omissions if our general partner and those other persons acted in good faith. Unitholders are treated as having consented to the various actions contemplated in our Partnership Agreement and conflicts of interest that might otherwise be considered a breach of fiduciary duties under applicable state law. We may issue an unlimited number of limited partner interests of any type without the approval of our unitholders. Our Partnership Agreement does not give our unitholders the right to approve our issuance of equity securities ranking junior to the common units at any time. The issuance of additional common units or other equity securities of equal or senior rank will have the following effects: • our unitholders' proportionate ownership interest in us will decrease; • the amount of cash available for distribution on a per unit basis may decrease; • because a lower percentage of total outstanding units will be subordinated units, the risk that a shortfall in the payment of the minimum quarterly distribution will be borne by our common unitholders will increase; • the relative voting strength of each previously outstanding unit will diminish; • the market price of the common units may decline; and • the ratio of taxable income to distributions may increase. Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. Furthermore, there is no restriction in our Partnership Agreement on the ability of the owner of our general partner to transfer its ownership interest in our general partner to a third party. A new owner of our general partner could replace the directors and officers of our general partner with its own designees and control the decisions taken by our general partner. If at any time our general partner and its affiliates own more than 80 % of the common units, our general partner will have the right, but not the obligation, which it may assign to any of its affiliates or to us, to acquire all, but not less than all, of the remaining common units held by unaffiliated persons at a price not less than the then- current market price. As a result, unitholders may be required to sell their common units at an undesirable time or price and may not receive any return on their investment. Unitholders may also incur a tax liability upon a sale of their units. No provision in our Partnership Agreement, or in any other agreement we have with our general partner or Martin Resource Management Corporation, prohibits our general partner or its affiliates from acquiring more than 80 % of our common units. For additional information about this call right and unitholders' potential tax liability, please see" Risk Factors- Tax Risks- Tax gain or loss on the disposition of our common units could be different than expected." Our common units are quoted on the NASDAQ under the symbol" MMLP." However, daily trading volumes for our common units are, and may continue to be, relatively small compared to many other securities quoted on the NASDAQ. The price of our common units may, therefore, be volatile. In order to comply with Section 404 of the Sarbanes- Oxley Act, we periodically document and test our internal control procedures. Section 404 of the Sarbanes- Oxley Act requires annual management assessments of the effectiveness of our internal controls over financial reporting addressing these assessments. During the course of our testing, we may identify deficiencies, which we may not be able to address in time to meet the deadline imposed by the Sarbanes- Oxley Act for compliance with the requirements of Section 404. In addition, if we fail to maintain the adequacy of our internal controls, as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes- Oxley Act. Failure to achieve and maintain an effective internal control environment could have a material adverse effect on the price of our common units. Risks Relating to Our Relationship with Martin Resource Management Corporation Under our Omnibus Agreement with Martin Resource Management Corporation, Martin Resource Management Corporation provides us with corporate staff and support services on behalf of our general partner that are substantially identical in nature and quality to the services it conducted for our business prior to our formation. The Omnibus Agreement requires us to reimburse Martin Resource Management Corporation for the costs and expenses it incurs in rendering these services, including an overhead allocation to us of Martin Resource Management Corporation' s indirect general and administrative expenses from its corporate allocation pool. These payments may be substantial. Payments to Martin Resource Management Corporation will reduce the amount of available cash for distribution to our unitholders. Martin Resource Management Corporation has conflicts of interest and limited fiduciary responsibilities, which may permit it to favor its own interests to the detriment of our unitholders. As of December 31, ~~2022~~ **2023** , Martin Resource Management Corporation owned 15. 7 % of our total outstanding common limited partner units and 100 % of the ownership interests in MMGP. MMGP owns a 2 % general partnership interest in us. Conflicts of interest may arise between Martin Resource Management Corporation and our general partner, on the one hand, and our unitholders, on the other hand. As a result of these conflicts, our general partner may favor its own interests and the interests of Martin Resource Management Corporation over the interests of our unitholders. Potential conflicts of interest between us, Martin Resource Management Corporation and our general partner could occur in many of our day- to- day operations including, among others, the following situations: • Officers of Martin Resource Management Corporation who provide services to us also devote significant time to the businesses of Martin Resource Management Corporation and are compensated by Martin Resource Management Corporation for that time; • Neither our Partnership Agreement nor any other agreement requires Martin Resource Management Corporation to pursue a business strategy that favors us or utilizes our assets or services. Martin Resource Management Corporation' s directors and officers have a fiduciary duty to make these decisions in the best interests of the shareholders of Martin Resource Management Corporation without regard to the best interests of the unitholders; • Martin Resource Management Corporation may engage in limited competition with us; • Our general partner is allowed to take into account the interests of parties other than us, such as Martin Resource Management Corporation, in resolving conflicts of interest, which has the effect of reducing its fiduciary duty to our unitholders; • Under our Partnership Agreement, our general partner may limit its liability and reduce its fiduciary duties, while also restricting the remedies available to our unitholders for actions that, without the limitations and reductions, might constitute breaches of fiduciary duty. As a result of purchasing units, our unitholders will be treated as having consented to some actions and conflicts of interest that, without such consent, might otherwise constitute a breach of fiduciary or other duties under applicable state law; • Our general partner determines which costs incurred by Martin Resource Management Corporation are reimbursable by us; • Our Partnership Agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered on terms that are fair and reasonable to us or from entering into additional contractual arrangements with any of these entities on our behalf; • Our general partner controls the enforcement of obligations owed to us by Martin Resource Management Corporation; • Our general partner decides whether to retain separate counsel, accountants or others to perform services for us; • The audit committee of our general partner retains our independent auditors; • In some instances, our general partner may cause us to borrow funds to permit us to pay cash distributions ~~, even if the purpose or effect of the borrowing is to make incentive distributions~~ ; and • Our general partner has broad discretion to establish financial reserves for the proper conduct of our business. These reserves also will affect the amount of cash available for distribution. Martin Resource Management Corporation and its affiliates may engage in limited competition with us. For a discussion of the non- competition provisions of the Omnibus Agreement, please see" Item 13. Certain Relationships and Related Transactions, and Director Independence." If Martin Resource Management Corporation does engage in competition with us, we may lose customers or business opportunities, which could have an adverse impact on our results of operations, cash flow and ability to make distributions to our unitholder allocations. If Martin Resource Management Corporation were ever to commence or consent to the commencement of a bankruptcy proceeding or otherwise default on its obligations under its credit facility, its lenders could foreclose on its pledge of the interests in our general partner and take control of our general partner. If Martin Resources Management no longer controls our general partner, the lenders under our credit facility may declare all amounts outstanding thereunder immediately due and payable. In addition, either a judgment against Martin Resource Management Corporation or a bankruptcy filing by or against Martin Resource Management Corporation could independently result in an event of default under our credit facility if it could reasonably be expected to have a material adverse effect on us. If our lenders do declare us in default and accelerate repayment, we may be required to refinance our debt on unfavorable terms, which could negatively impact our results of operations and our ability to make distributions to our unitholders. A bankruptcy filing by or against Martin Resource Management Corporation could also result in the termination or material breach of some or all of the various commercial contracts between us and Martin Resource Management Corporation, which could have a material adverse impact on our results of operations, cash flow and ability to make distributions to our unitholders. The anticipated after- tax economic benefit of an investment in us depends largely on our classification as a partnership for federal income tax purposes. We have not requested a ruling from the IRS on this matter. Despite the fact that we are organized as a limited partnership under Delaware law, it is possible in certain circumstances for a partnership such as ours to be treated as a corporation for federal income tax purposes. In order for us to be classified as a partnership for U. S. federal income tax purposes, more than 90 % of our gross income each year must be" qualifying income" under Section 7704 of the U. S. Internal Revenue Code of 1986, as amended (the" Code")." Qualifying income" includes income and gains derived from the exploration, development, mining or production, processing, refining, transportation, or marketing of minerals or natural resources, including crude oil, natural gas and products thereof. Other types of qualifying income include interest (other than from a financial business), dividends, gains from the sale of real property and gains from the sale or other disposition of capital assets held for the production of income that otherwise constitutes qualifying income. Although we intend to meet this gross income requirement, we may not find it possible, regardless of our efforts, to meet this gross income requirement or may inadvertently fail to meet this gross income requirement. If we do not meet this gross income requirement for any taxable year and the IRS does not determine that such failure was inadvertent, we would be treated as a corporation for such taxable year and each taxable year thereafter. If we were treated as a corporation for federal income tax purposes, we would owe federal income tax on our income at the corporate tax rate, which is currently a maximum of 21 %, and would likely owe state income tax at varying rates. Distributions would generally be taxed again to unitholders as corporate distributions and no income, gains, losses, or deductions would flow through to unitholders. Because a tax would be imposed upon us as an entity, cash available for distribution to unitholders would be reduced. Treatment of us as a corporation would result in a reduction in the anticipated cash flow and after- tax return to unitholders and therefore would likely result in a reduction in the value of the common units. The present U. S. federal income tax treatment of publicly traded partnerships, including us, or an investment in our common units, may be modified by administrative, legislative or judicial interpretation at any time. At the federal level, members of Congress and the President of the U. S. have periodically considered substantive changes to the existing U. S. tax laws that would have affected certain publicly traded partnerships, including the elimination of partnership tax treatment for publicly traded partnerships. At the state level, because of widespread state budget deficits and other reasons, several states are evaluating ways to subject partnerships to entity- level taxation through the imposition of state income, franchise and other forms of taxation. For example, we are required to pay a Texas margin tax at a maximum effective rate of 0. 525 % of our gross income apportioned to Texas in the prior year. Imposition of any such tax on us by any other state will reduce the cash available for distribution to our unitholders. Any modification to the tax laws and interpretations thereof may or may not be applied retroactively and could make it more difficult or impossible to meet the exception pursuant to which we are treated as a partnership for U. S. federal income tax purposes that is not taxable as a corporation, affect or cause us to change our business activities, affect the tax considerations of an investment in us, change the character or treatment of portions of our income and adversely affect an investment in our common units. We are unable to predict whether any of these changes or other proposals will ultimately be enacted. Any such changes could negatively impact the value of an investment in our common units. **In** ~~On January 24,~~ 2017, the U. S. Department of the Treasury issued final regulations (the" ~~Final~~ **QI** Regulations") regarding qualifying income under Section 7704 (d) (1) (E) of the Code which relates to the qualifying income exception upon which we rely for partnership tax treatment. The **QI** ~~Final Regulations apply to income earned in a taxable year beginning on or after January 19, 2017. The Final~~ Regulations include" reserved" paragraphs for fertilizer and hedging, which the U. S. Department of the Treasury plans to address in future proposed and final Treasury regulations ~~(" Treasury regulations")~~ . We are unable to predict how such future regulations may treat fertilizer or hedging activities, but such regulations could impact our ability to treat certain activities as generating qualifying income. The ~~Final~~ **QI** Regulations provide for a ten **-** year transition period during which certain taxpayers that either obtained a favorable private letter ruling or treated income under a reasonable interpretation of the statute or prior proposed regulations as qualifying income may continue to treat such income as qualifying income. We have obtained favorable private letter rulings from the IRS in the past as to what constitutes" qualifying income" within the meaning of Section 7704 (d) (1) (E) of the Code and we expect to rely upon these private letter rulings for purposes of the ten **-** year transition rule contained in the ~~Final~~ **QI** Regulations. With respect to some of these private letter rulings, the income that we derived from certain affected activities will be treated as qualifying income only until the end of the ten **-** year transition period **which, in our case, is December 31, 2027** . Thus, at this time and through the ~~transition period~~ **end of 2027** , we believe that the ~~Final~~ **QI** Regulations will not significantly impact the amount of our gross income that we are able to treat as qualifying income. We have not requested a ruling from the IRS with respect to our treatment as a partnership for federal income tax purposes or any other matter affecting us. The IRS may adopt positions that differ from the positions we take and our counsel' s conclusions. It may be necessary to resort to administrative or court proceedings to sustain some or all of our counsel' s conclusions or the positions we take. A court may not agree with some or all our counsel' s conclusions or the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the prices at which they trade. In addition, the costs of any contest with the IRS will be borne directly or indirectly by all of our unitholders, debt security holders and our general partner. If the IRS makes audit adjustments to our income tax returns, it may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. Similarly, for such taxable years, if the IRS makes audit adjustments to income tax returns filed by an entity in which we are a member or partner, the IRS may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from such entity. Generally, we expect to elect to have our unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, but there can be no assurance that such election will be effective in all circumstances. If we are unable to have our unitholders take such audit adjustment into account in accordance with their interests in us during the tax year under audit, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties and interest as a result of audit adjustments cash available for distribution to our unitholders may be substantially reduced. Additionally, we are required to designate a partner, or other person, with a substantial presence in the U. S. as the partnership representative (" Partnership Representative"). The Partnership Representative will have the sole authority to act on our behalf for purposes of, among other things, U. S. federal income tax audits and judicial review of administrative adjustments by the IRS. We have designated our general partner as our Partnership Representative. Further, any actions taken by us or by the Partnership Representative on our behalf with respect to, among other things, federal income tax audits and judicial review of administrative adjustments by the IRS, will be binding on us and all of our unitholders. Unitholders may be required to pay federal income taxes and, in some cases, state, local and foreign income taxes on their share of our taxable income even if they receive no cash distributions from us. Unitholders may not receive cash distributions from us equal to their share of our taxable income or even the tax liability that results from the taxation of their share of our taxable income. A unitholder’ s share of our taxable income, and its relationship to any distributions we make, may be affected by a variety of factors, including our economic performance, which may be affected by numerous business, economic, regulatory, legislative, competitive and political uncertainties beyond our control. Additionally, we may engage in transactions to delever the partnership and manage our liquidity that may result in income to our unitholders without a corresponding cash distribution. For example, if we sell assets and use the proceeds to repay existing debt or fund capital expenditures, you may be allocated taxable income and gain resulting from the sale without receiving a cash distribution. Further, taking advantage of opportunities to reduce our existing debt, such as debt exchanges, debt repurchases, or modifications of our existing debt could result in" cancellation of indebtedness income" (also referred to as" COD income") being allocated to our unitholders as taxable income. Unitholders may be allocated COD income, and income tax liabilities arising therefrom may exceed cash distributions or the value of the units. The ultimate effect of any such allocations will depend on the unitholder' s individual tax position with respect to its units. Unitholders are encouraged to consult their tax advisor with respect to the consequences to them of COD income. If our unitholders sell their common units, they will recognize gain or loss equal to the difference between the amount realized and their tax basis in those common units. Prior distributions in excess of the total net taxable income unitholders were allocated for a common unit, which decreased unitholder tax basis in that common unit, will, in effect, become taxable income to our unitholders if the common unit is sold at a price greater than their tax basis in that common unit, even if the price they receive is less than their original cost. A substantial portion of the amount realized, whether or not representing gain, may be ordinary income to our unitholders. Should the IRS successfully contest some positions we take, our unitholders could recognize more gain on the sale of units than would be the case under those positions without the benefit of decreased income in prior years. In addition, if our unitholders sell their units, they may incur a tax liability in excess of the amount of cash they receive from the sale. In general, the Partnership is entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during its taxable year. However, the deduction for" business interest" is limited to the sum of the Partnership' s business interest income and 30 % of its" adjusted taxable income." For the purposes of this limitation, the Partnership' s adjusted taxable income is computed without regard to any business interest expense or business interest income. In the case of taxable years beginning on or after January 1, 2022, the Partnership' s adjusted taxable income is computed by taking into account any deduction allowable for depreciation, amortization, or depletion to the extent such depreciation, amortization, or depletion is not capitalized into cost of goods sold with respect to inventory. If the Partnership' s" business interest" is subject to limitation under these rules, unitholders will be limited in their ability to deduct their share of any interest expense that has been allocated to them. As a result, unitholders may be subject to limitation on their ability to deduct interest expenses incurred by the Partnership. Investment in common units by tax- exempt entities, such as employee benefit plans, individual retirement accounts (known as IRAs), Keogh plans and other retirement plans, regulated investment companies, real estate investment trusts, mutual funds and non- U. S. persons raises issues unique to them. For example, virtually all of our income allocated to organizations exempt from federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income (" UBTI ") and will be taxable to them. An exempt organization is required to independently compute its UBTI from each separate unrelated trade or business which may prevent an exempt organization from utilizing losses we allocate to the organization against the organization' s UBTI from other sources and vice versa. Distributions to non- U. S. persons will be reduced by withholding taxes at the highest applicable effective tax rate, and non- U. S. persons will be required to file U. S. federal income tax returns and pay tax on their share of our taxable income. Distributions to non- U. S. persons will also be subject to a 10 % withholding tax on the amount realized with respect to any distribution, and in the case of a distribution effected through a broker, the amount realized is the amount of any distribution in excess of our " cumulative net income. " As we do not compute our cumulative net income for such purposes due to the complexity of the calculation and lack of clarity in how it would apply to us, we intend to treat all of our distributions as being in excess of our cumulative net income for such purposes and subject to such 10 % withholding tax. If a unitholder sells or otherwise disposes of a unit, the transferee is required to withhold 10 % of the amount realized by the transferor unless the transferor certifies that it is not a foreign person, and we are required to deduct and withhold from the transferee amounts that should have been withheld by the transferee but were not withheld. Under the Treasury Regulations, such withholding will be required on open market transactions, but in the case of a transfer made through a broker, a partner' s share of liabilities will be excluded from the amount realized. In addition, the obligation to withhold will be imposed on the broker instead of the transferee (and we will generally not be required to withhold from the transferee amounts that should have been withheld by the transferee but were not withheld). These withholding obligations will apply to transfers of our common units occurring on or after January 1, 2023. Current and prospective non- U. S. unitholders should consult their tax advisors regarding the impact of these rules on an investment in our common units. Because we cannot match transferors and transferees of common units and because of other reasons, we have adopted depreciation positions that may not conform to all aspects of the Treasury regulations. Any position we take that is inconsistent with applicable Treasury regulations may have to be disclosed on our federal income tax return. This disclosure increases the likelihood that the IRS will challenge our positions and propose adjustments to some or all of our unitholders. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from the sale of common units and could have a negative impact on the value of our common units or result in audit adjustments to our unitholders' tax returns. Entity level taxes on income from C corporation subsidiaries will reduce cash available for distribution, and an individual unitholder' s share of dividend and interest income from such subsidiaries would constitute portfolio income that could not be offset by the unitholder' s share of our other losses or deductions. A portion of our taxable income is earned through MTI, which is a C corporation for federal tax purposes. C corporations are subject to federal income tax on their taxable income at the corporate tax rate, which is currently 21 %, and will likely pay state (and possibly local) income tax at varying rates on their taxable income. Any such entity level taxes will reduce the cash available for distribution to our unitholders. Distributions from any such C corporation are generally taxed again to unitholders as dividend income to the extent of current and accumulated earnings and profits of such C corporation. As of December 31, ~~2022~~ **2023** , the maximum federal income tax rate applicable to such qualified dividend income that is allocable to individuals was 20 % (plus a

3. 8 % net investment income tax that applies to certain net investment income earned by individuals, estates and trusts). An individual unitholders' share of dividend and interest income from MTI or other C corporation subsidiaries would constitute portfolio income that could not be offset by the unitholders' share of our other losses or deductions. In addition to federal income taxes, unitholders may be subject to other taxes, such as state ~~,~~ **and** local ~~and foreign~~ income taxes, unincorporated business taxes and estate, inheritance, or intangible taxes that are imposed by the various jurisdictions in which we do business or own property. Unitholders may be required to file state ~~,~~ **and** local ~~and foreign~~ income tax returns and pay state and local income taxes in some or all of the various jurisdictions in which we do business or own property and may be subject to penalties for failure to comply with those requirements. We own property and / or conduct business in several states, many of which impose a personal income tax and also impose income taxes on corporations and other entities. We may do business or own property in other states ~~or foreign countries~~ in the future. It is the unitholder' s responsibility to file all federal, state ~~,~~ **and** local ~~and foreign~~ tax returns. Our counsel has not rendered an opinion on the state, local or foreign tax consequences of an investment in our common units. There are a number of limitations that may prevent unitholders from using their allocable share of our losses as a deduction against unrelated income. In cases when our unitholders are subject to the passive loss rules (generally, individuals and closely- held corporations), any losses generated by us will only be available to offset our future income and cannot be used to offset income from other activities, including other passive activities or investments. Unused losses may be deducted when the unitholder disposes of its entire investment in us in a fully taxable transaction with an unrelated party. A unitholder' s share of our net passive income may be offset by unused losses from us carried over from prior years but not by losses from other passive activities, including losses from other publicly traded partnerships. Other limitations that may further restrict the deductibility of our losses by a unitholder include the at- risk rules, the excess loss limitation rules for non- corporate unitholders that applies until January 1, 2026, and the prohibition against loss allocations in excess of the unitholder' s tax basis in its units. We prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders. We prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. Treasury regulations permit publicly traded partnerships to use a monthly simplifying convention that is similar to ours, but they do not specifically authorize all aspects of the proration method we have adopted. Therefore, the use of our proration method may not be permitted under existing Treasury regulations, and, accordingly, our counsel is unable to opine as to the validity of such method. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders. A unitholder whose units are loaned to a" short seller" to cover a short sale of units may be considered as having disposed of those units. If so, he would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition. Because a unitholder whose units are loaned to a" short seller" to cover a short sale of units may be considered as having disposed of the loaned units, he may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan to the short seller any of our income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Our counsel has not rendered an opinion regarding the treatment of a unitholder where common units are loaned to a short seller to cover a short sale of common units; therefore, unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a loan to a short seller are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their units. When we issue additional units or engage in certain other transactions, we will determine the fair market value of our assets. Although we may from time to time consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our units as a means to measure the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction. A successful IRS challenge to these methods or allocations could adversely affect the amount, character and timing of taxable income or loss being allocated to our unitholders. It also could affect the amount of taxable gain from our unitholders' sale of units and could have a negative impact on the value of the units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions. ~~43~~