

Blueknight Energy Partners, L.P.
Form 8-K
February 16, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of report (date of earliest event reported): February 9, 2010

BLUEKNIGHT ENERGY PARTNERS, L.P.
(Exact name of Registrant as specified in its charter)

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| DELAWARE (State of incorporation or organization) | 001-33503 (Commission file number) | 20-8536826 (I.R.S. employer identification number) |
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|--|-------------------------|
| Two Warren Place 6120 South Yale Avenue, Suite 500 Tulsa, Oklahoma (Address of principal executive offices) | 74136 (Zip code) |
|--|-------------------------|

Registrant's telephone number, including area code: (918) 237-4000

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))



Item 1.01. Entry into a Material Definitive Agreement.

On February 15, 2010, certain subsidiaries of Blueknight Energy Partners, L.P. (the “Partnership”) entered into an Omnibus Agreement (the “Omnibus Agreement”) with Vitol, Inc. (“Vitol”), which owns the membership interests in Blueknight Energy Partners G.P., L.L.C. (the “General Partner”), the general partner of the Partnership.

Pursuant to the Omnibus Agreement, the subsidiaries of the Partnership have agreed to provide certain of their employees, consultants and agents (the “Designated Persons”) to Vitol for use by Vitol’s crude oil marketing division. In return, Vitol has agreed to reimburse the subsidiaries of the Partnership in an amount equal to (i) the wages, salaries, bonuses, make whole payments, payroll taxes and the cost of all employee benefits of each Designated Person, in each case as adjusted to properly reflect the time spent by such Designated Person in the performance services for Vitol, (ii) all direct expenses, including, without limitation, any travel and entertainment expenses, incurred by each Designated Person in connection with such Designated Person’s provision of services for Vitol, (iii) a monthly charge of \$1,500.00 per Designated Person for each Designated Person that performs services for Vitol during any portion of such month, plus (iv) the sum of subsections (i) through (iii) above multiplied by 0.10. In addition, the Omnibus Agreement provides that if during any month any Designated Person has spent more than 80% of his time performing services for Vitol, then Vitol will have the right for the succeeding three months to request that such individual be transitioned directly to the employment of Vitol.

The Omnibus Agreement is effective as of January 1, 2010 and expires on December 31, 2013; provided, that it will automatically renew for successive periods of one year each unless either party gives the other party 180 days advance notice of termination. The Omnibus Agreement may be terminated early if, among other items, either party fails to make payments under the Omnibus Agreement after a 10 day cure period or otherwise fails to perform its obligations under the Omnibus Agreement after a 20 day cure period. In addition, it is an event of default under the Omnibus Agreement if Vitol ceases to be the beneficial owner of the General Partner.

This description of the Omnibus Agreement is qualified in its entirety by reference to the Omnibus Agreement, a copy of which is filed as Exhibit 10.1 to this Current Report on Form 8-K and is incorporated into this Item 1.01 by reference.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On February 9, 2010, the Board of Directors of the General Partner acknowledged that Pete Schwiering had effectively resigned from his position as Executive Vice President - Crude Operations of the General Partner due to his continued exclusive employment by SemGroup, Inc., which is not affiliated with the General Partner or the Partnership.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| EXHIBIT NUMBER | DESCRIPTION |
|----------------|-------------|
|----------------|-------------|

| | |
|------|---|
| 10.1 | — Omnibus Agreement, dated as of February 15, 2010 but effective as of January 1, 2010, by and among by and among BKEP Operating, L.L.C., BKEP Crude, L.L.C., BKEP Management, Inc. |
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and Vitol Inc.

SIGNATURES

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

BLUEKNIGHT ENERGY PARTNERS, L.P.

By: Blueknight Energy Partners G.P., L.L.C.
its General Partner

Date: February 16, 2010
Alex G. Stallings
Chief Financial Officer and Secretary

By: /s/ Alex G. Stallings

INDEX TO EXHIBITS

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