



**MLPA Investor Conference  
May 31 – June 1, 2017**

## The Smart Move in Energy

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# Legal Disclaimer

## Forward-Looking Statements

This presentation includes forward-looking statements. Statements included in this presentation that are not historical facts (including, without limitation, any statements about future financial and operating results, guidance, projected or forecasted financial results, objectives, project timing, expectations and intentions and other statements that are not historical facts) are forward-looking statements. Such forward-looking statements are subject to various risks and uncertainties. These risks and uncertainties include, among other things, the Partnership's ability to pay future distributions, uncertainties relating to the Partnership's debt levels and restrictions in its credit facility, its exposure to the credit risk of our third-party customers, the Partnership's future cash flows and operations, future market conditions, current and future governmental regulation, future taxation and other factors discussed in the Partnership's filings with the Securities and Exchange Commission. If any of these risks or uncertainties materializes, or should underlying assumptions prove incorrect, actual results or outcomes may vary materially from those expected. The Partnership undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

This presentation also contains the non-GAAP financial measures of adjusted EBITDA, distributable cash flow and total operating margin, excluding depreciation and amortization. Adjusted EBITDA is defined as earnings before interest, income taxes, depreciation, amortization, non-cash equity-based compensation, asset impairment charges, gains related to investments and fees related to the Ergon transactions. Distributable cash flow is defined as adjusted EBITDA, plus or minus cash proceeds from sale of investments, cash paid for interest, maintenance capital expenditures, cash paid for taxes, and cash paid for fees related to the Ergon transactions. Operating margin, excluding depreciation and amortization, is defined as revenues from related parties and external customers less operating expenses, excluding depreciation and amortization. The use of adjusted EBITDA, distributable cash flow and total operating margin, excluding depreciation and amortization, should not be considered as alternatives to GAAP measures such as operating income, net income or cash flows from operating activities. Adjusted EBITDA, distributable cash flow and total operating margin, excluding depreciation and amortization are presented because the Partnership believes they provide additional information with respect to its business activities and are used as supplemental financial measures by management and external users of the Partnership's financial statements, such as investors, commercial banks and others, to assess, among other things, the Partnership's operating performance and return on capital as compared to those of other companies in the midstream energy sector, without regard to financing or capital structure.

Blueknight does not provide GAAP financial measures, including reconciliations, on a forward-looking basis because the partnership is unable to predict with reasonable certainty impairments, depreciation and amortization, non-cash equity based compensation, gains and losses related to investments and derivative activities, the ultimate outcome of legal proceedings, unusual gains and losses and acquisition related expenses.

# Partnership Overview

- **Blueknight Energy Partners, L.P. (“BKEP”) is a publicly traded master limited partnership**
  - Headquartered in Oklahoma City, Oklahoma; established in 2007
  - General Partner owned by an affiliate of Ergon, Inc. since October 2016
- **Our strategically located assets position us to be a leading provider of midstream services in the energy industry. We provide services to our customers by focusing on four operational areas:**
  - Asphalt terminalling services
  - Crude oil terminalling and storage services
  - Crude oil pipeline services
  - Crude oil trucking and producer field services



# Diversified Operations

## Asphalt Terminalling Services

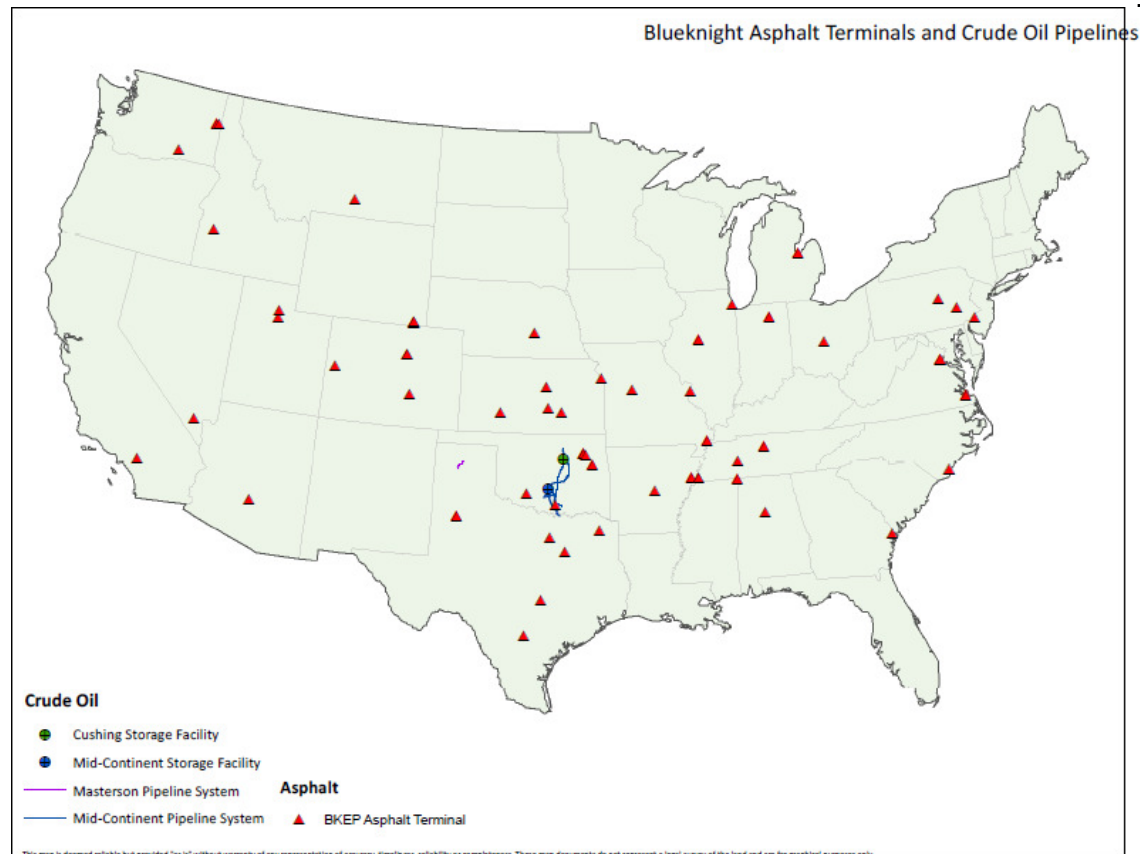
Revenue: 48.9%  
Operating Margin: 68.4%

- 9.6 million barrels of asphalt and residual fuel oil storage
- 54 terminals across 26 states
- Largest independently owned asphalt terminal network

## Crude Oil Pipeline Services

Revenue: 19.6%  
Operating Margin: 5.2%

- Two primary gathering and transportation pipelines
- Total length of 670 miles
- Recently announced Oklahoma condensate project
- Acquired the 115 mile Red River pipeline system and related crude oil marketing business in southern Oklahoma in November 2015



## Crude Oil Terminalling and Storage

Revenue: 13.6%  
Operating Margin: 24.2%

- 6.6 million barrels of Cushing, OK storage
- Operate 1.0 million barrel Cushing, OK terminal for TransMontaigne

## Crude Oil Trucking & Producer Field Services

Revenue: 17.9%  
Operating Margin: 2.2%

- Approximately 200 crude transports and service trucks that complement the pipeline gathering and transportation business
- Producer services include gas gathering pipeline maintenance and water services
- Primary geographic locations include Kansas, Oklahoma and Texas

Note: Percentages above represent segment share of twelve months ended 12/31/16 revenue & operating margin (excluding D&A)

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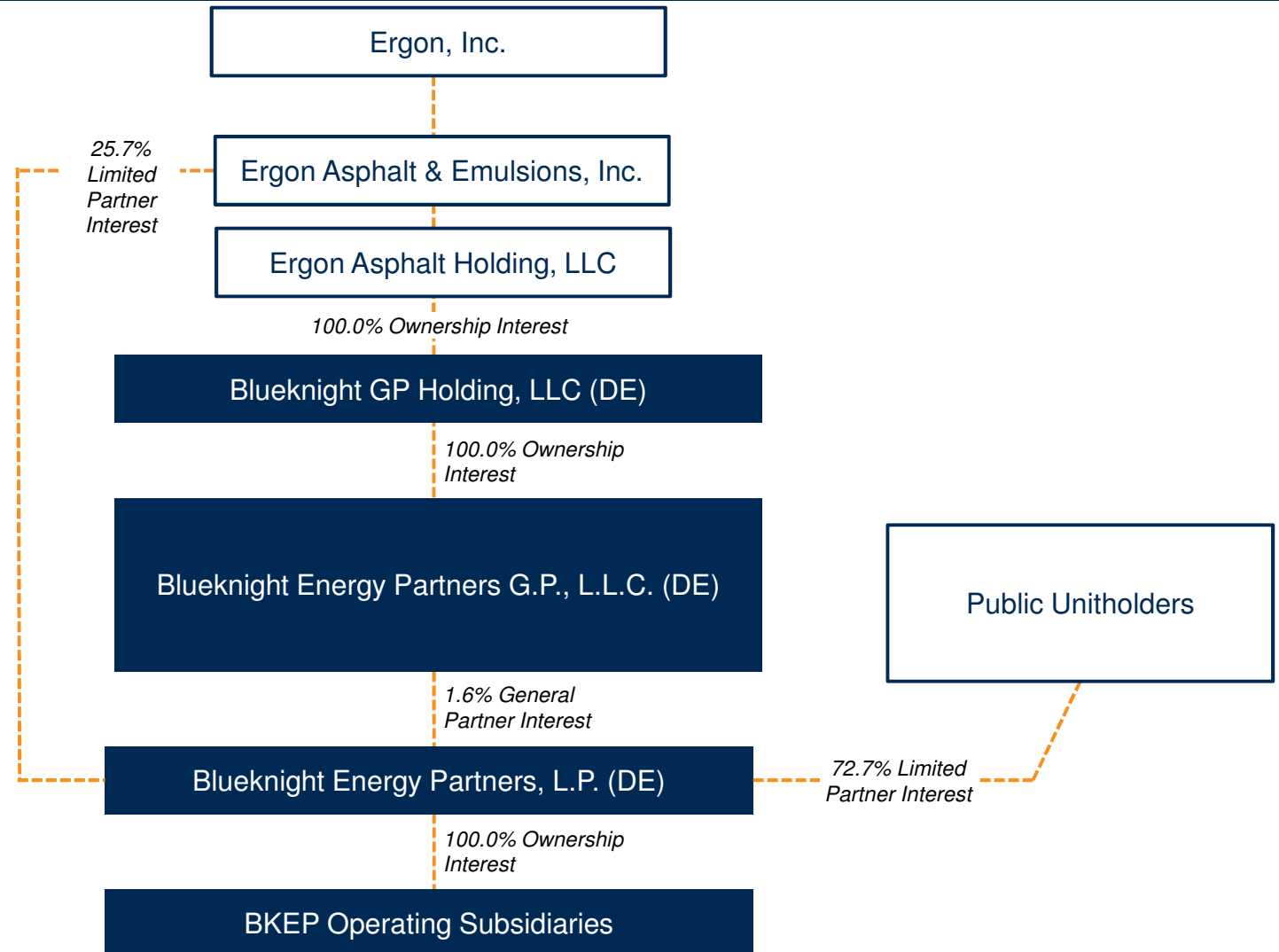
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# Common and Preferred Units

	Common Units	Preferred Units
Market	NASDAQ	NASDAQ
Symbol	BKEP	BKEPP
Outstanding	38,155,434	35,125,202
Yield at 5/25/17	8.2%	9.1%
Distribution	\$0.14500/unit for quarter ended 3/31/17	\$0.17875/unit for quarter ended 3/31/17
Comment	Consistent with the distribution for the fourth quarter of 2016	Convertible to common units on a 1-1 basis under certain conditions
Market Capital/Enterprise Value <sup>(1)</sup> (combined for Common and Preferred Units)	\$544.7 million / \$877.5 million	

(1) Market value as of 5/25/17. Enterprise value calculation utilizes balance sheet data as of March 31, 2017

# Ownership Chart



# Ergon Overview



## Refining & Marketing

Ergon Refining, Inc. and Subsidiaries  
Ergon - West Virginia, Inc.  
Ergon Oil Purchasing, Inc.  
Ergon BioSciences, Inc. and Subsidiary  
Process Oils, Inc.



## Transportation & Terminals

Ergon Terminals, Inc. and Subsidiaries  
Ergon Trucking, Inc.  
Magnolia Marine Transport Company



## Asphalt & Emulsions

Ergon Asphalt & Emulsions, Inc. and Subsidiaries  
Crafco, Inc. and Subsidiary  
Telfer Pavement Technologies, LLC  
Blueknight Energy Partners, L.P.



## Oil & Gas

Lampton-Love, Inc. and Subsidiaries  
Ergon Marine & Industrial Supply, Inc. and Subsidiary  
Ergon Exploration & Production Group



## Real Estate

Ergon Properties, Inc. and Subsidiaries  
Mirror Lake Building, LLC



## Corporate & Other

Ergon, Inc.  
Ergon Securities, Inc.



# Ergon Overview

## A Leading Energy Company with Over 6 Decades of Experience

- Private, family-owned company formed in 1954 and based in Jackson, Mississippi
- Presence in over 12 countries worldwide, over 2,500 employees globally
- One of the largest asphalt emulsion marketers in the U.S.

## Diversified Portfolio of Synergistic Businesses

- Refining & Marketing: refinery operations and marketing of crude oil and various refined products including specialty naphthenic and paraffinic products
- Asphalt & Emulsions: production, marketing and distribution of paving and specialty asphalt products
- Transportation & Terminalling: logistics support including a fleet of river, road and rail transportation equipment along with numerous terminal locations and pipelines
- Oil & Gas: retail distribution network for propane, mid-river fleeting, refueling and supply and oil and gas exploration and development
- Real Estate: retail, commercial and industrial real estate development and management services

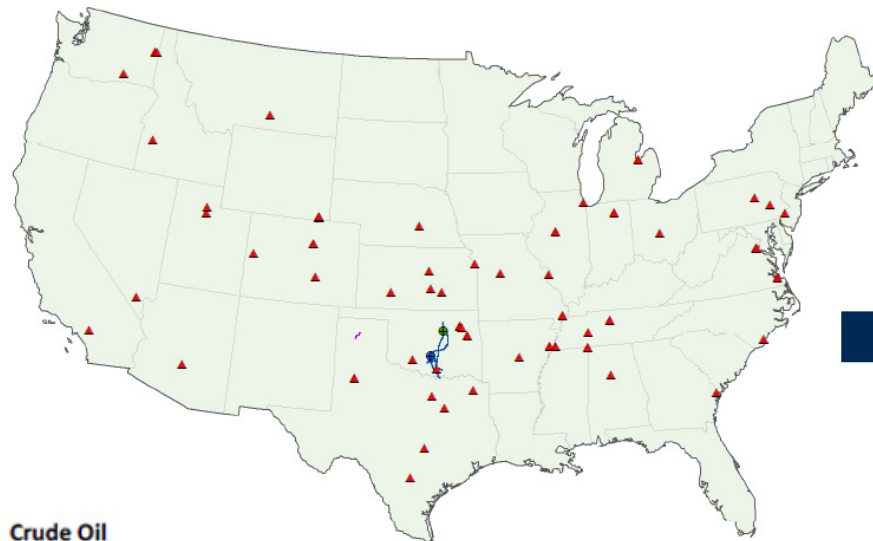
## Committed to the Growth of the Partnership

- Ergon has had a long-term desire to help build a world-class MLP and believes its investment in BKEP will help achieve that goal
- Aligned via the General Partner, preferred and common unit ownership and as one of BKEP's largest counterparties – currently a customer at 27 asphalt terminalling facilities
- Identified two additional asphalt terminals that may be dropped into BKEP over the next couple of years
- Expects to develop additional organic and third-party midstream opportunities with Blueknight



# Operations Map

Pre-Ergon Operations Map



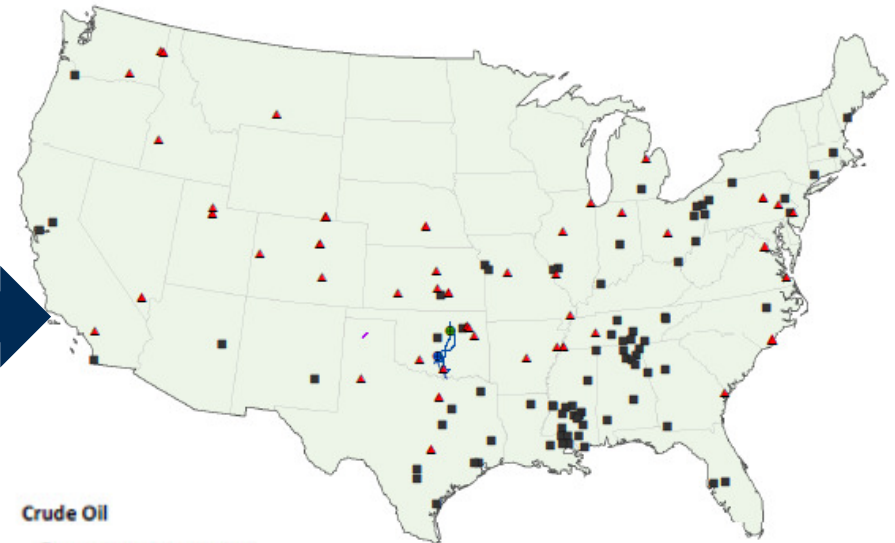
**Crude Oil**

- Cushing Storage Facility
- Mid-Continent Storage Facility
- Masterson Pipeline System
- Mid-Continent Pipeline System

**Asphalt**

- ▲ BKEP Asphalt Terminal

Blueknight and Ergon Operations Map



**Crude Oil**

- Cushing Storage Facility
- Mid-Continent Storage Facility
- Masterson Pipeline System
- Mid-Continent Pipeline System

- ▲ BKEP Asphalt Terminal
- Ergon Assets



# Business Description & Growth Strategy

# Product Terminalling

- Services include storage, blending, mixing, unloading and loading of product at customers' directions
- Comprised of two reporting segments:
  - Asphalt terminalling services
  - Crude oil terminalling and storage services
- Current commodities served include crude oil, liquid asphalt cement and other related refined products
- Diversified, fee-based business model
  - Asphalt terminalling services (48.9% of Total Revenue): 83.4% contracted take-or-pay fixed fee and 16.6% fixed fee variable volumes
  - Crude oil terminalling and storage services (13.6% of Total Revenue): 88.8% contracted take-or-pay fixed fee and 11.2% fixed fee variable volumes
- Comprises 92.6% of operating margin YTD through December 31, 2016

# Asphalt Terminalling Services

- Largest independently owned asphalt terminal network
- 9.6 million barrels of asphalt and residual fuel oil storage capacity in 54 terminals across 26 states
- Generate revenues by charging fees for services related to the terminalling and storage of liquid asphalt and associated products
- Facilities are both operated and non-operated
- Minimal direct exposure to commodity prices
- Many terminals include multiple loading/unloading options including truck, marine and rail capabilities
- Contracts are typically long-term in nature
- Recently acquired terminal facilities in Dumfries, VA and Wilmington, NC – closed February 1, 2016
- Acquired nine terminal facilities from Ergon at the completion of the Ergon Transaction on October 5, 2016
- Ergon accounted for more than 20% of asphalt terminalling services revenue in 2016



Characteristics of Contracts	Asphalt Terminalling Services
Rate Structure	Base fee/month plus incremental revenue if customer exceeds minimum take or pay volumes
Term	5-10 years
Annual CPI adjustment	Yes
Customer/Facility	Typically one as products are proprietary
Barrier to entry	High
Types of Customers	Logistics/Strategic

# Crude Oil Terminalling & Storage Services

## Customer Value Creation

Segment provides our customers the ability to effectively manage crude oil inventories and add significant flexibility in their marketing and operating activities

## Cushing Interchange

- 34 crude oil storage tanks with approximately 6.6 million barrels of storage capacity with access and connectivity to all the terminals located within the Cushing Interchange
- The Interchange is capable of receiving and/or delivering 350,000 bpd of crude oil

## Third Party Terminal Operations

- Operate 1.0 million barrel Cushing, OK terminal for TransMontaigne



Characteristics of Contracts	Crude Oil Terminalling & Storage Services
Rate Structure	Cents/bbl/month
Term	1-3 years
Annual CPI adjustment	None
Customer/Facility	Multiple
Barrier to entry	Low
Types of Customers	Logistics/Financial

# Crude Oil Transportation and Services Segments

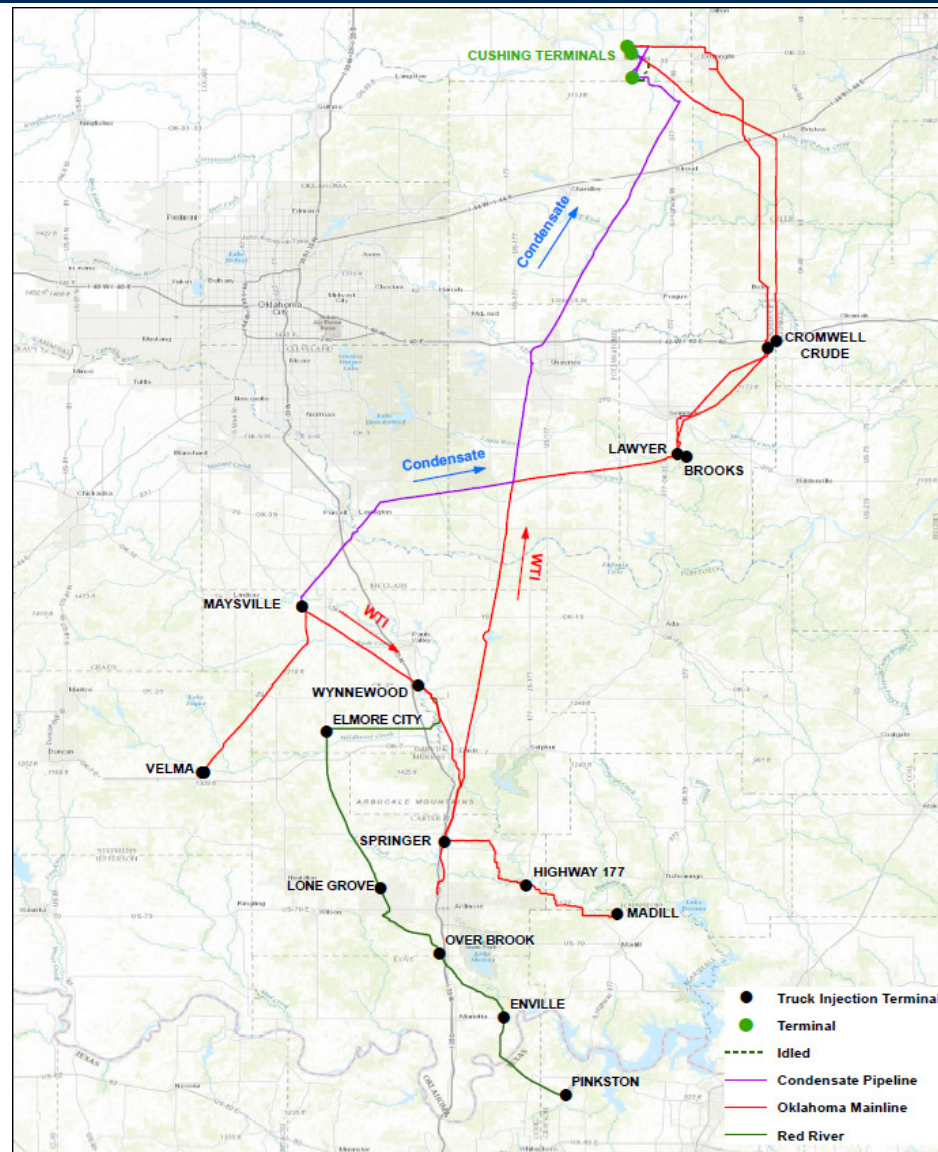
- Services include pipeline and truck transport of crude oil and certain West Texas oil and gas well services
- Crude oil transportation services focused around Oklahoma assets
- Comprised of two reporting segments:
  - Crude oil pipeline services
  - Crude oil trucking and producer field services
- Comprises 7.4% of operating margin through December 31, 2016
- Contract Characteristics
  - Pipeline
    - Monthly nominations at specified tariffs
    - Long-term minimum take-or-pay contract with XTO; equal to approximately 16% of total Oklahoma pipeline capacity
  - Trucking
    - 30-day evergreen contracts
    - Cents/bbl/mile
  - Producer field services
    - Master service agreements
    - Day rates and hourly rates

# Recent Investments & Growth Opportunities

- Recent Investments:
  - Acquired one asphalt product terminal in May of 2015 in Cheyenne, WY
  - Acquired 115 mile Red River crude oil pipeline system in November of 2015
  - Acquired two asphalt product terminals in February of 2016 in Wilmington, NC and Dumfries, VA
  - Closed Ergon transaction in October of 2016 – Ergon purchased GP from Vitol/Charlesbank and contributed nine asphalt product terminals to BKEP
- Growth Opportunities:
  - Terminalling:
    - Previously announced two possible asphalt terminal drop-downs from Ergon - one in 2017 and one in 2018
    - Evaluating possible green-field asphalt terminal project
    - Continually looking to expand overall terminalling footprint through acquisitions regardless of commodity type or domestic geography
    - Re-contracting upside with existing BKEP plants
    - Additional acquisitions
  - Crude Oil Transportation and Services:
    - Completion of Oklahoma SCOOP Condensate Pipeline Project
    - Other potential Oklahoma pipeline projects focused on SCOOP and STACK
    - Focus on continuing to deliver bundled services to customers around our Oklahoma assets – pipeline, trucking, blending, storage and marketing services with the intent to fully utilize transportation assets
    - Additional synergistic acquisitions



# Oklahoma Pipeline System



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# Strong, Consistent Cash Flow Generation

- BKEP's highly contracted, fee-based business drives consistent cash flow generation:
  - Overall, more than 79.3% of operating margin is contracted
  - Cents/bbl. contracts for specified volumes in the crude oil terminalling and storage segment
  - Minimum take or pay agreements in the crude oil pipeline services segment
  - Minimum cents/ton for specified volumes or lease fees in the asphalt terminalling services segment

Segment	Contracted Take-or-Pay Fixed Fee	Fixed Fee Variable Volumes
Asphalt terminalling services (48.9% Total Revenue)	83.4%	16.6%
Crude oil terminalling and storage services (13.6% Total Revenue)	88.8%	11.2%
Crude oil pipeline services (19.6% Total Revenue)	16.7%	83.3%
Crude oil trucking and producer field services (17.9% Total Revenue)	0.0%	100%

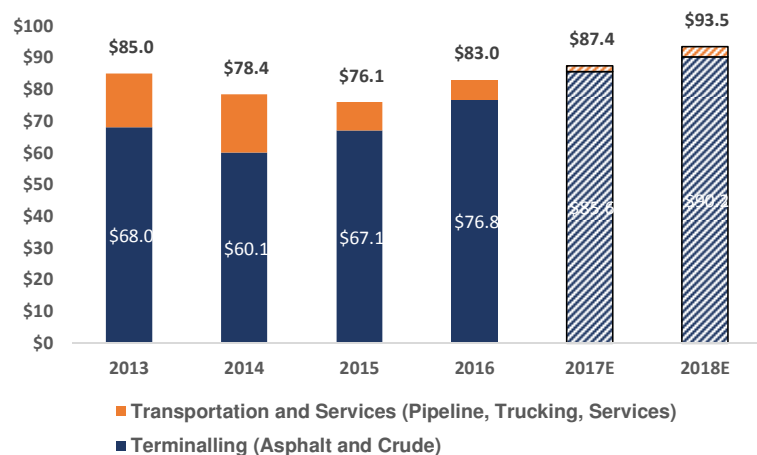
Note: Percentages are based on twelve months ended YTD 12/31/16 Operating Margin

# Financial Overview

# Consistent Financial Performance

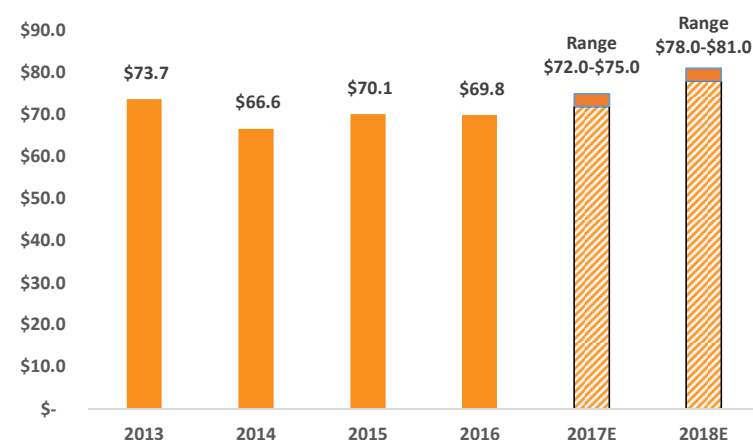
## Consolidated Operating Margin (excluding depreciation and amortization)

(\$ in millions)



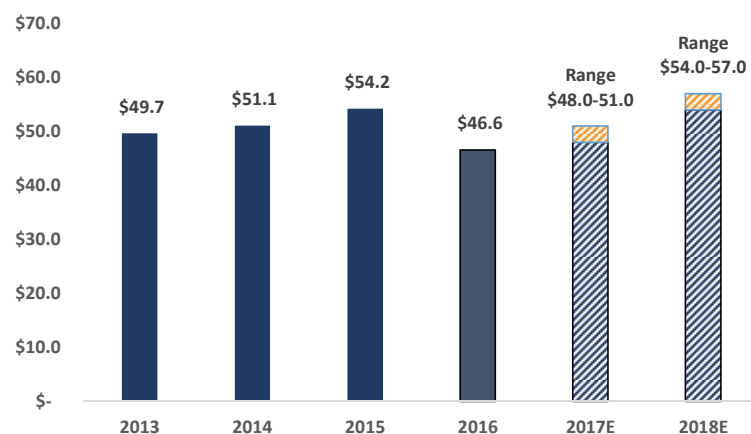
## Adjusted EBITDA

(\$ in millions)



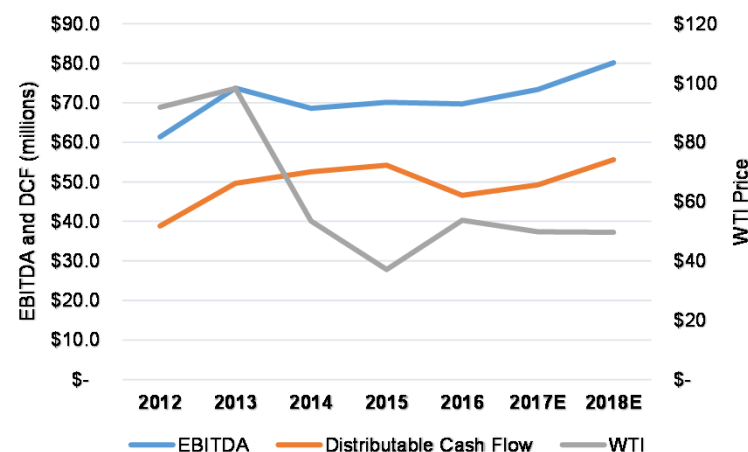
## Distributable Cash Flows

(\$ in millions)



## Earnings Performance vs. WTI Price

(\$ in millions)



Note: Excludes gain on the sale of our investment in Advantage Pipeline

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# Financial Overview

## Financial Targets

- Target Leverage:** - Decrease leverage to under 4.0x with target of 3.5x over long-term
- Distribution Policy:** - Conservative approach to distributions  
- Maintain 1.0x -1.1x distribution coverage over long-term
- Maintain Liquidity:** - On May 11, 2017, Blueknight Energy Partners, L.P. (the “Partnership”) entered into a Second Amended and Restated Credit which permits the Partnership to borrow up to \$450.0 million on a revolving credit basis. The maturity date of the facility is May 11, 2022.

## Financial Performance

- Growth Opportunities:** - Acquisitions in the asphalt and crude transportation businesses, targeting acquisitions up to \$50 million
- Capital Expenditures:** - 2017 projected maintenance capital expenditures of \$9.5 - \$11.0 million  
- 2017 projected expansion capital expenditures \$8.0 - \$10.0 million
- Operating Margin:** - Continued focus on highly contracted, fee-based businesses



# Investment Considerations

## Attractive Core Base of Energy Midstream Infrastructure

- Asphalt Facilities: Geographic diversification in key domestic markets with multiple potential counterparties at most locations
- Cushing Interchange: Resident player at core location for crude oil distribution and marketing
- Gathering / Transportation: 670 miles of strategically positioned gathering and transportation pipelines in Oklahoma and Texas

## Significant Growth Potential

- Initial dropdown of nine asphalt terminals
- Identified two additional Ergon-owned, asphalt terminals that may be dropped into BKEP over the next couple of years
- Recently announced Oklahoma condensate project
- Completed Dumfries, Virginia and Wilmington, North Carolina asphalt terminal acquisitions in February of 2016
- Prudent and conservative approach to growing our business through acquisitions

## Solid and Stable Financial Profile

- Consistent profitability and earnings
- Adequate ability to fund current maintenance and near-term expansion capital expenditures
- Minimal commodity price exposure and high quality customer base

## General Partner Sponsorship

- Strong alignment with Ergon
- Ergon owns significant inventory of MLP qualifying assets throughout its business segments
- Ergon may source additional organic and third-party midstream opportunities for BKEP

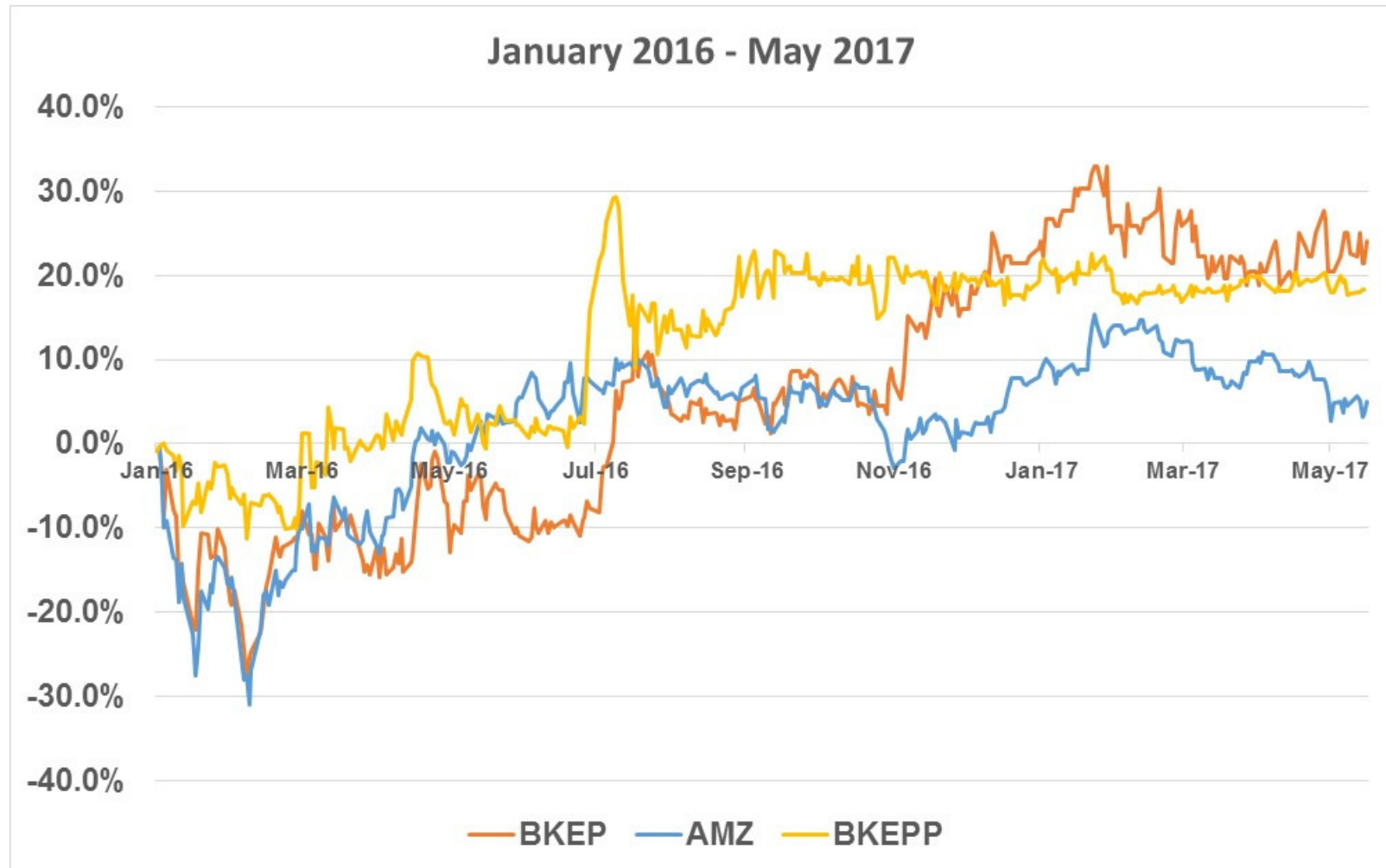
## Deep and Experienced Management Team

- Tenured management team with many years of industry experience
- Proven ability to manage through cycles and generate executable growth opportunities

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# Performance Chart





## Reconciliation of Adjusted EBITDA and Distributable Cash Flow to Net Income

The following table presents a reconciliation of adjusted EBITDA to net income for the periods shown:

	Twelve Months Ended December 31,				Three Months Ended March 31,	
	2013	2014	2015	2016	2016	2017
Net income	\$ 28,035	\$ 27,572	\$ 6,396	\$ (4,840)	\$ 726	\$ 3,542
Interest expense	11,615	12,268	11,202	12,554	4,870	3,030
Income taxes	593	469	323	260	41	46
Depreciation and amortization	24,241	26,045	27,228	30,820	7,135	8,066
Asset impairment expense	6,256	-	22,404	25,761	271	28
Non-cash equity-based compensation	2,347	2,322	2,825	3,417	545	500
Other	621	(2,079)	(267)	-	-	-
Fee related to the Ergon transaction	-	-	-	1,783	-	-
<b>Adjusted EBITDA</b>	<b>\$ 73,708</b>	<b>\$ 66,597</b>	<b>\$ 70,111</b>	<b>\$ 69,755</b>	<b>\$ 13,588</b>	<b>\$ 15,212</b>
Cash proceeds from sale of investments	-	-	2,346	-	-	-
Cash interest expense	(9,644)	(9,085)	(9,915)	(12,404)	(2,738)	(3,563)
Cash tax expense	(419)	(508)	(412)	(282)	(12)	-
Maintenance capital expenditures, net of reimbursable expenditures	(13,472)	(5,916)	(7,882)	(8,724)	(2,225)	(1,318)
Eagle North loan amortization	(521)	-	-	-	-	-
Cash paid for fees related to the Ergon transaction	-	-	-	(1,783)	-	-
<b>Distributable Cash Flow</b>	<b>\$ 49,652</b>	<b>\$ 51,088</b>	<b>\$ 54,248</b>	<b>\$ 46,562</b>	<b>\$ 8,613</b>	<b>\$ 10,331</b>
Distribution declared (1)	\$ 33,661	\$ 37,678	\$ 42,019	\$ 46,390	\$ 10,657	\$ 12,299
Distribution coverage ratio	1.5	1.4	1.3	1.0	0.8	0.8

(1) inclusive of preferred and common unit declared cash distributions

### Key Credit Statistics

Leverage Ratio	3.6x	3.2x	3.8x	4.2x	4.2x	4.3x
Interest coverage ratio	7.8x	7.4x	6.5x	6.1x	6.2x	5.8x

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## Operating Margin and Reconciliation to Operating Income

(in thousands)	Twelve Months Ended December 31,				Three Months Ended March 31,		Variance Favorable/ (unfavorable)	
	2013	2014	2015	2016	2016	2017	\$	%
<b>Operating Results (in thousands)</b>								
Operating margin, excluding depreciation and amortization								
Asphalt services operating margin	\$ 40,968	\$ 41,244	\$ 48,212	\$ 56,769	\$ 11,173	\$ 14,236	\$ 3,063	27%
Crude oil terminalling and storage services operating margin	27,079	18,818	18,842	20,048	5,162	5,114	(48)	-1%
Crude oil pipeline services operating margin	6,909	10,457	7,694	4,347	640	14	(626)	-98%
Crude oil trucking and producer field services operating margin	10,067	7,907	1,304	1,829	222	(3)	(225)	-101%
Total operating margin, excluding depreciation and amortization	\$ 85,023	\$ 78,426	\$ 76,052	\$ 82,993	\$ 17,197	\$ 19,361	\$ 2,164	13%

(in thousands)	Twelve Months Ended December 31,				Three Months Ended March 31,		Variance Favorable/ (unfavorable)	
	2013	2014	2015	2016	2016	2017	\$	%
<b>Operating Results (in thousands)</b>								
Total operating margin, excluding depreciation and amortization	\$ 85,023	\$ 78,426	\$ 76,052	\$ 82,993	\$ 17,197	\$ 19,361	\$ 2,164	13%
Depreciation and amortization	(23,962)	(26,045)	(27,228)	(30,820)	(7,135)	(8,066)	(931)	-13%
General and administrative expense	(17,482)	(17,498)	(18,976)	(20,029)	(4,745)	(4,585)	160	3%
Asset impairment expense	(524)	-	(21,996)	(25,761)	(271)	(28)	243	90%
Gain/(Loss) on sales of assets	1,073	2,464	6,137	108	(33)	(125)	(92)	-279%
Operating Income	\$ 44,128	\$ 37,347	\$ 13,989	\$ 6,491	\$ 5,013	\$ 6,557	\$ 1,544	31%