MARTIN MIDSTREAM PARTNERS LP
Form 424B5
May 14, 2007

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We will amend and complete the information in this prospectus supplement. This preliminary prospectus supplement and the prospectus are part of an effective registration statement filed with the Securities and Exchange Commission. This preliminary prospectus supplement and the prospectus are not offers to sell these securities nor solicitations to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(5)
Registration No. 333-117023

SUBJECT TO COMPLETION, DATED MAY 14, 2007

PROSPECTUS SUPPLEMENT
(To Prospectus Dated July 19, 2004)

1,200,000 Common Units

Martin Midstream Partners L.P.

Representing Limited Partner Interests

We are offering 1,200,000 common units representing limited partner interests. Our common units are listed on the Nasdaq Global Select Market under the symbol MMLP. The last reported sale price of our common units on the Nasdaq Global Select Market on May 11, 2007 was $42.25 per common unit.

Investing in our common units involves risks. See Risk Factors beginning on page S-5 of this prospectus supplement and page 2 of the accompanying prospectus.

	Per Common Unit	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to us	$	$

The underwriter may also purchase up to an additional 180,000 common units from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriter expects to deliver the common units on or about May , 2007.

A.G. Edwards

The date of this prospectus supplement is May , 2007.

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This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and certain other matters relating to us. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which does not apply to this offering. If the information in this prospectus supplement or in any document incorporated by reference herein differs from the information in the accompanying prospectus, the information in this prospectus supplement or such incorporated document supersedes the information in the accompanying prospectus.

You should rely only on the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. We have not, and the underwriter has not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriter is not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should not assume that the information appearing in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front cover of this prospectus supplement. Our business, financial condition, results of operations and prospects may have changed since that date.

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Prospectus Supplement

Prospectus dated July 19, 2004

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. It does not contain all of the information you should consider before making an investment decision. You should read the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other information to which we refer for a more complete understanding of this offering. Please read the sections entitled Risk Factors on page S-5 of this prospectus supplement and page 2 of the accompanying prospectus for more information about important factors that you should consider before buying our common units in this offering. Unless we indicate otherwise, the information presented in this prospectus supplement assumes that the underwriter s option to purchase additional common units is not exercised. References in this prospectus supplement to Martin Midstream Partners L.P., we, ours, us or like terms when used in the present tense or prospectively or for historical periods since November 2002 refer to Martin Midstream Partners L.P. and its consolidated subsidiaries. References to Martin Midstream Partners Predecessor, we, ours, us or like terms when used in a historical context for periods prior to November 2002 refer to the assets and operations of Martin Resource Management s businesses that were contributed to us in connection with the closing of our initial public offering in November 2002. References in this prospectus supplement to Martin Resource Management refer to Martin Resource Management Corporation and its consolidated subsidiaries.

Martin Midstream Partners L.P.

We are a publicly traded limited partnership with a diverse set of operations focused primarily in the United States Gulf Coast region. Our five primary business lines include:

- Terminalling and storage services for petroleum products and by-products
- Natural gas services
- Marine transportation services for petroleum products and by-products
- Sulfur gathering, processing and distribution
- Fertilizer manufacturing and distribution

The petroleum products and by-products we collect, transport, store and market are produced primarily by major and independent oil and gas companies who often turn to third parties, such as us, for the transportation and disposition of these products. In addition to these major and independent oil and gas companies, our primary customers include independent refiners, large chemical companies, fertilizer manufacturers and other wholesale purchasers of these products. We operate primarily in the Gulf Coast region of the United States. This region is a major hub for petroleum refining, natural gas gathering and processing and support services for the exploration and production industry.

Primary Business Segments

Our primary business segments can be generally described as follows:

Terminalling and Storage. We own or operate 17 marine terminal facilities and four inland terminal facilities located in the United States Gulf Coast region that provide storage and handling services for producers and suppliers of petroleum products and by-products, lubricants and other liquids. We also provide land rental to oil and gas companies along with storage and handling services for lubricants and fuel oil.

Natural Gas Services. We have ownership interests in over 500 miles of natural gas gathering pipelines located in the natural gas producing regions of Central and East Texas, Northwest Louisiana, the Texas Gulf Coast and offshore Texas and federal waters in the Gulf of Mexico as well as 210 million cubic feet per day (MMcfd) of natural gas processing capacity in East Texas which is currently being expanded to 280 MMcfd. In addition, we distribute natural gas liquids (NGLs). We purchase NGLs primarily from natural gas processors. We store NGLs in our supply and storage facilities for resale to propane retailers, refineries and industrial NGL users in Texas and the Southeastern United States. We own three NGL supply and storage facilities with an aggregate above ground storage capacity of approximately 132,000 gallons and we lease approximately 72 million gallons of underground storage capacity for NGLs.

Marine Transportation. We own a fleet of 37 inland marine tank barges, 16 inland push boats and four offshore tug barge units that transport petroleum products and by-products primarily in the United States Gulf Coast region. We provide these transportation services on a fee basis primarily under annual contracts. In addition, our marine segment manages our sulfur segment s marine assets.

Sulfur. We gather, process and distribute sulfur predominately produced by oil refineries primarily located in the United States Gulf Coast region. We process molten sulfur into prilled, or pelletized, sulfur under both fee-based volume contracts and buy/sell contracts at our facilities in Port of Stockton, California and our Neches terminal in Beaumont, Texas.

Fertilizer. We own and operate six fertilizer production plants and one emulsified sulfur blending plant that manufacture primarily sulfur-based fertilizer products for wholesale distributors and industrial users. These plants are located in Illinois, Texas and Utah.

Our principal executive offices are located at 4200 Stone Road, Kilgore, Texas 75662, our phone number is (903) 983-6200, and our web site is www.martinmidstream.com.

Recent Developments

On May 2, 2007, we acquired the outstanding stock of Woodlawn Pipeline Company, Inc. (Woodlawn), a natural gas gathering and processing company with integrated gathering and processing assets in East Texas for $30.6 million. In addition, we purchased a compressor for $0.4 million from an affiliate of the selling parties. In conjunction with this transaction, we also acquired a pipeline that delivers residue gas from the Woodlawn processing plant to the Texas Eastern Transmission pipeline system for $2.1 million. The business will be included in our Natural Gas Services segment.

Our Relationship with Martin Resource Management

We were formed in 2002 by Martin Resource Management, a privately-held company whose initial predecessor was incorporated in 1951 as a supplier of products and services to drilling rig contractors. Since then, Martin Resource Management has expanded its operations through acquisitions and internal expansion initiatives as its management identified and capitalized on the needs of producers and purchasers of hydrocarbon products and by-products and other bulk liquids. Martin Resource Management will continue to own an approximate 35.4% limited partnership interest in us following the completion of this offering. Furthermore, it owns and controls our general partner, which owns a 2.0% general partner interest and incentive distribution rights in us. Martin Resource Management directs our business operations through its ownership and control of our general partner. In addition, under the terms of an omnibus agreement with Martin Resource Management, the employees of Martin Resource Management are responsible for conducting our business and operating our assets. Martin Resource Management is also an important supplier and customer of ours.

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The Offering

Common units offered to the public	1,200,000 common units. 1,380,000 common units if the underwriter exercises its option to purchase additional common units in full.
Exchange listing	Our common units are quoted on the Nasdaq Global Select Market under the symbol MMLP.
Units outstanding after this offering	11,806,808 common units and 2,552,018 subordinated units, representing an 80.6% and 17.4% limited partner interest in us, respectively.
Use of proceeds	We will use the net proceeds from this offering to repay outstanding indebtedness incurred under our revolving loan facility to fund both recent acquisitions and expansion capital expenditures. Please read Use of Proceeds.
Timing of next quarterly distribution	The first distribution paid to purchasers of the units offered by this prospectus supplement will be declared in July 2007 and paid in mid-August 2007. Our current quarterly cash distribution rate is $0.64 per common unit, or $2.56 per common unit on an annualized basis. Purchasers will not participate in the quarterly distribution being paid on May 15, 2007 to unitholders of record on May 1, 2007.
Subordination period	Our partnership agreement provides that our 2,552,018 subordinated units may periodically convert into common units prior to September 30, 2009 if we meet certain quarterly financial tests. The subordination period for our subordinated units will end if we meet the financial tests in our partnership agreement, but it generally cannot end before September 30, 2009. When the subordination period ends, all subordinated units will convert into common units on a one-for-one basis, and the common units will no longer be entitled to arrearages. Please read Cash Distribution Policy Subordination Period Early Conversion of Subordinated Units in the accompanying prospectus.
Issuance of additional units	In general, during the subordination period we can issue up to 1,500,000 additional common units without obtaining unitholder approval. We can also issue an unlimited number of common units for acquisitions, capital improvements or repayments of certain debt that increase cash flow from operations per unit on a pro forma basis and upon conversion of our subordinated units. Please read The Partnership Agreement Issuance of Additional Securities in the accompanying prospectus.
Estimated ratio of taxable income to distributions	We estimate that if you hold the common units you purchase in this offering through December 31, 2009, you will be allocated, on a cumulative basis, an amount of federal taxable income for that period that

	will be less than 20% of the cash distributed to you with respect to that period. Please read Material Tax Considerations in this prospectus supplement and the accompanying prospectus for the basis of this estimate.
Material tax considerations	For a discussion of other material federal income tax considerations that may be relevant to prospective unitholders who are individual citizens or residents of the United States, please read Material Tax Considerations in this prospectus supplement and the accompanying prospectus.

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Summary Historical Financial Data

The following table sets forth summary financial and other operating data of Martin Midstream Partners. The financial data for the years ended December 31, 2004, 2005 and 2006 and the three months ended March 31, 2006 and 2007 are derived from the audited and unaudited consolidated financial statements of Martin Midstream Partners incorporated by reference in this prospectus supplement.

	Year Ended December 31,			Three Months Ended March 31,	
	2004	2005	2006	2006	2007
				(Unaudited)	
	(In thousands, except unit amounts)				
Income Statement Data:					
Revenues	$ 294,144	$ 438,443	$ 576,384	$ 146,822	$ 155,796
Cost of product sold	229,976	351,820	459,170	121,553	121,588
Operating expenses	34,475	46,888	65,387	13,900	18,993
Selling, general, and administrative	6,198	8,133	10,977	2,386	2,721
Depreciation and amortization	8,766	12,642	17,597	3,952	4,894
Total costs and expenses	279,415	419,483	553,131	141,791	148,196
Other operating income			3,356	853	
Operating Income	14,729	18,960	26,609	5,884	7,600
Equity in earnings of unconsolidated entities	912	1,591	8,547	2,412	2,050
Interest expense	(3,326)	(6,909)	(12,466)	(3,018)	(3,577)
Debt prepayment premium			(1,160)	(1,160)	
Other, net	11	238	713	169	79
Income before income taxes	12,326	13,880	22,243	4,287	6,152
Income taxes					349
Net income	$ 12,326	$ 13,880	$ 22,243	$ 4,287	$ 5,803
Net income per limited partner unit	$ 1.45	$ 1.58	$ 1.69	$ 0.33	$ 0.42
Weighted average limited partner units	8,349,551	8,583,634	12,602,000	12,299,009	13,152,826
Balance Sheet Data (at Period End):					
Total assets	$ 188,332	$ 389,044	$ 457,461	$ 396,947	$ 460,293
Due to affiliates	429	3,492	10,474	6,346	7,959
Long-term debt	73,000	192,200	174,021	137,500	190,001
Partner s capital (owner s equity)	75,534	95,565	198,525	188,940	194,761

Cash Flow Data:										
Net cash flow provided by (used in):										
Operating activities	$	12,812	$	32,334	$	39,317	$	(472)	$	11,911
Investing activities		(34,322)		(138,742)		(95,098)		(26,228)		(18,522)
Financing activities		22,424		109,689		52,991		25,494		7,514
Other Financial Data:										
Maintenance capital expenditures		5,182		5,100		12,391		3,327		1,035
Expansion capital expenditures		30,234		74,110		78,267		23,325		14,729
Total capital expenditures	$	35,416	$	79,210	$	90,658	$	26,652	$	15,764
Cash dividends per common unit (in dollars)	$	0.535	$	0.610	$	0.620	$	0.610	$	0.640

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RISK FACTORS

An investment in our common units involves risk. You should carefully read the risk factors included under the caption Risk Factors beginning on page 2 of the accompanying prospectus, as well as the risk factors discussed in Item 1A of our 2006 annual report on Form 10-K filed with the SEC on March 5, 2007, which are incorporated by reference herein.

USE OF PROCEEDS

We will receive net proceeds of approximately $49.6 million from the sale of the 1,200,000 common units offered by this prospectus supplement, after deducting underwriting discounts and estimated offering expenses. This amount includes a capital contribution from our general partner of approximately $1.0 million to maintain its 2% general partner interest in our partnership. If the underwriter exercises its option to purchase 180,000 additional common units in full, we expect to receive additional net proceeds of approximately $7.5 million. We will use the net proceeds from this offering and the capital contribution from our general partner to repay part of our outstanding indebtedness incurred under our revolving loan facility to fund both $50.0 million in recent acquisitions and $72.3 million in recent expansion capital expenditures. These acquisitions and expansion capital expenditures are described in Recent Developments in our annual report on Form 10-K for the year ended December 31, 2006, filed with the SEC on March 5, 2007, and in Recent Developments in our quarterly report on Form 10-Q for the quarter ended March 31, 2007, filed with the SEC on May 7, 2007.

As of the date of this prospectus supplement, we had outstanding borrowings of approximately $93.0 million under our revolving loan facility, with a weighted-average interest rate of 7.80%, and of $130.0 million under our term loan facility, with a weighted-average interest rate of 7.19%. Borrowings under our credit facility are secured by substantially all of our assets and have been incurred primarily to finance historical acquisitions and expansion capital expenditures, including those noted above occurring in the prior 12 month period, as well as for general working capital needs from time to time. Our credit facility matures in November 2010.

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CAPITALIZATION

The following table shows our capitalization as of March 31, 2007:

on a historical basis;

as adjusted to reflect additional borrowings under our revolving loan facility of approximately $33.0 million through the date of this prospectus supplement; and

as further adjusted to give effect to the common units offered by this prospectus supplement, our general partner s proportionate capital contribution and the application of the net proceeds from this offering as described in Use of Proceeds.

This table should be read together with, and is qualified in its entirety by, reference to our historical consolidated financial statements and the accompanying notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of March 31, 2007		
	Historical	As Adjusted	As Further Adjusted
		(In thousands)	
Cash and cash equivalents	$ 4,578	$ 4,401	$ 4,401
Long-term debt (including current portion):			
Term loan facility	$ 130,000	$ 130,000	$ 130,000
Revolving loan facility	60,000	93,000	43,443
Other	76	76	76
Total long-term debt	190,076	223,076	173,519
Partners capital:			
Common unitholders	199,432	199,432	247,954
Subordinated unitholders	(6,899)	(6,899)	(6,899)
General partner	3,217	3,217	4,252
Accumulated other comprehensive (loss)	(989)	(989)	(989)
Total partners capital	194,761	194,761	244,318
Total capitalization	$ 384,837	$ 417,837	$ 417,837

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PRICE RANGE OF COMMON UNITS AND DISTRIBUTIONS

Our common units are quoted on the Nasdaq Global Select Market under the symbol MMLP. Our common units were admitted for quotation on November 1, 2002 at an initial public offering price of $19.00 per common unit. The following table shows the low and high closing sale prices per common unit, as reported by the Nasdaq Global Select Market, and the cash distributions per unit for the periods indicated.

	Common Unit Price Range		Cash Distributions Per Unit
	Low	High	