

Blueknight Energy Partners, L.P.
 Form 3
 June 08, 2012

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person * MSDC Management, L.P. (Last) (First) (Middle) 645 FIFTH AVENUE, 21ST FLOOR (Street) NEW YORK, NY 10022 (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) 05/31/2012	3. Issuer Name and Ticker or Trading Symbol Blueknight Energy Partners, L.P. [BKEP]	4. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below)	5. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) <input type="checkbox"/> Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person
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Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Units	5,512,786	I	See footnotes (1) (2) (3)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4) Title	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
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	Date Exercisable	Expiration Date		Amount or Number of Shares		or Indirect (1) (Instr. 5)	
Series A Preferred Units	Â (4)	Â (4)	Common Units	1,935,842	\$ 6.5	I	See footnotes (1) (2) (3)
Total Return Equity Swap	Â (5)(6)(7)(8)	Â (5)(6)(7)(8)	Common Units	519,125	\$ (5) (6) (7) (8)	I	See footnotes (1) (2) (3)
Total Return Equity Swap	Â (5)(6)(7)(8)	Â (5)(6)(7)(8)	Series A Preferred Units	280,950	\$ (5) (6) (7) (8)	I	See footnotes (1) (2) (3)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
MSDC Management, L.P. 645 FIFTH AVENUE, 21ST FLOOR NEW YORK, NY 10022	Â	Â X	Â	Â
MSD Torchlight Partners, L.P. 645 FIFTH AVENUE, 21ST FLOOR NEW YORK, NY 10022	Â	Â X	Â	Â

Signatures

MSDC Management, L.P. ; By: MSDC Management (GP), LLC; Its: General Partner; By: /s/
Marc R. Lisker; Title: Manager 06/08/2012

**Signature of Reporting Person Date

MSD Torchlight Partners, L.P.; By: MSDC Management, L.P.; Its: Investment Manager; By:
MSDC Management (GP), LLC; Its: General Partner; By: /s/ Marc R. Lisker; Title: Manager 06/08/2012

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) This statement is jointly filed by and on behalf of each of MSDC Management, L.P. ("MSDC") and MSD Torchlight Partners, L.P. ("MSD Torchlight"). The securities covered by this statement are held by a partnership that previously was named MSD Torchlight, L.P. On May 31, 2012, MSD Torchlight, L.P. changed its name to MSD Torchlight Partners, L.P., as part of a reorganization of MSD Torchlight, L.P.'s ownership and management structure (the "Reorganization"). As part of the Reorganization, MSDC became the investment manager of MSD Torchlight, and as a result, became an indirect beneficial owner of the securities held by MSD Torchlight. In addition, MSD Capital (GP), LLC replaced MSD Capital, L.P. as the general partner of MSD Torchlight.

(2) (contd.) MSD Torchlight is the direct beneficial owner of the securities covered by this statement. MSDC is the investment manager of, and may be deemed to beneficially own securities owned by, MSD Torchlight. MSDC Management (GP), LLC ("MSDC GP") is the general partner of, and may be deemed to have or share voting and dispositive power over securities beneficially owned by, MSDC. Each of Glenn R. Fuhrman, John C. Phelan and Marc R. Lisker is a manager of MSDC GP and may be deemed to have or share voting and/or dispositive power over the securities beneficially owned by MSDC GP. Each of Messrs. Fuhrman, Phelan and Lisker disclaims beneficial ownership of such securities except to the extent of any pecuniary interest therein.

(3) Each reporting person states that neither the filing of this statement nor anything herein shall be deemed an admission that such person is, for purposes of Section 16 of the Act or otherwise, the beneficial owner of any securities covered by this statement. Each reporting person disclaims beneficial ownership of the securities covered by this statement, except to the extent of the pecuniary interest of such person in

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such securities.

- (4) The Series A Preferred Units are convertible into Common Units at any time on a one-for-one basis and have no expiration date. The terms of the Series A Preferred Units are more fully described in the Fourth Amended and Restated Agreement of Limited Partnership of the Issuer, dated September 14, 2011, attached as Exhibit 3.1 to the Current Report on Form 8-K filed September 14, 2011 by the Issuer with the Securities and Exchange Commission.

- (5) On August 21, 2008, MSD Torchlight entered into a cash-settled total return equity swap ("Total Return Swap") with Citibank, NA New York ("Citibank") with a reference price of \$8.8167. Under the terms of the Total Return Swap (i) MSD Torchlight will be obligated to pay to Citibank any negative price performance of the 519,125 Common Units subject to the Total Return Swap as of the expiration date of the Total Return Swap, plus interest, and (ii) Citibank will be obligated to pay to MSD Torchlight any positive price performance of the 519,125 Common Units subject to the Total Return Swap as of the expiration date of such Total Return Swap. Any dividends that would be payable on the 519,125 Common Units during the term of the Total Return Swap will be paid to MSD Torchlight.

- (6) Pursuant to the terms of the Total Return Swap, MSD Torchlight had the right to determine whether the Total Return Swap should also include 280,950 Series A Preferred Units with a reference price of \$6.50. On October 31, 2011, MSD Torchlight notified Citibank of its election to include the 280,950 Series A Preferred Units as part of the Total Return Swap with a reference price of \$6.50. Under the terms of the Total Return Swap (i) MSD Torchlight will be obligated to pay to Citibank any negative price performance of the 280,950 Series A Preferred Units subject to the Total Return Swap as of the expiration date of the Total Return Swap, plus interest, and (ii) Citibank will be obligated to pay to MSD Torchlight any positive price performance of the 280,950 Series A Preferred Units subject to the Total Return Swap as of the expiration date of such Total Return Swap.

- (7) (contd.) Any dividends that would be payable on the 280,950 Series A Preferred Units during the term of the Total Return Swap will be paid to MSD Torchlight.

- (8) All balances will be cash settled at the expiration date of the Total Return Swap. The Total Return Swap expires on August 20, 2018, although MSD Torchlight has the right to terminate and close out the Total Return Swap early if it so chooses. The Total Return Swap does not give MSD Torchlight direct or indirect voting, investment or dispositive control over any securities of the Issuer or require Citibank to acquire, hold, vote or dispose of any securities of the Issuer. Accordingly, MSD Torchlight disclaims any beneficial ownership in securities that may be referenced in the Total Return Swap.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

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