

Blueknight Energy Partners, L.P.
Form SC 13G/A
February 14, 2013

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

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SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 1)*

Blueknight Energy Partners, L.P.
(Name of Issuer)

Common Units
(Title of Class of Securities)

09625U109
(CUSIP Number)

December 31, 2012
(Date of Event which Requires Filing of this
Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
 Rule 13d-1(c)
 Rule 13d-1(d)

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1 Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only)

DG Capital Management, LLC

2 Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3 SEC Use Only

4 Citizenship or Place of Organization.

Delaware

5 Sole Voting Power

0 shares

Number of Shares 6 Shared Voting Power

Beneficially Owned by 1,586,989 shares

Each Reporting Person With Refer to Item 4 below.

7 Sole Dispositive Power

0 shares

8 Shared Dispositive Power

1,586,989 shares

Refer to Item 4 below.

9 Aggregate Amount Beneficially Owned by Each Reporting Person

1,586,989 shares

Refer to Item 4 below.

10 Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) N/A

11 Percent of Class Represented by Amount in Row (9)*

6.94%

Refer to Item 4 below.

12 Type of Reporting Person (See Instructions)

IA (Investment Adviser)

1 Names of Reporting Persons.

I.R.S. Identification Nos. of above persons (entities only)

Dov Gertzulin

2 Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3 SEC Use Only

4 Citizenship or Place of Organization.

United States

5 Sole Voting Power

0 shares

Number of Shares

6 Shared Voting Power

Beneficially Owned by

1,586,989 shares

Owned by

Each

Refer to Item 4 below.

Reporting

7 Sole Dispositive Power

Person With

0 shares

8 Shared Dispositive Power

1,586,989 shares

Refer to Item 4 below.

9 Aggregate Amount Beneficially Owned by Each Reporting Person

1,586,989 shares

Refer to Item 4 below.

10 Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) N/A

11 Percent of Class Represented by Amount in Row (9)*

6.94%

Refer to Item 4 below.

12 Type of Reporting Person (See Instructions)

IN

Item 1.

- (a) Name of Issuer
Blueknight Energy Partners, L.P.
- (b) Address of Issuer's Principal Executive Offices

201 NW. 10th, Suite 200
Oklahoma City, OK 73103

Item 2.

- (a) Name of Person Filing

DG Capital Management, LLC
Dov Gertzulin
- (b) Address of Principal Business Office or, if none, Residence
460 Park Avenue, 13th Floor
New York, NY 10022
- (c) Citizenship

DG Capital Management, LLC - Delaware
Dov Gertzulin - United States
- (d) Title of Class of Securities
Common Units
- (e) CUSIP Number
09625U109

Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

- (a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).
- (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).
- (c) Insurance Company as defined in Section 3(a)(19) of the Act
- (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
- (g) A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);
- (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
- (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) A non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J);
- (k) Group, in accordance with §240.13d-1(b)(1)(ii)(K).

Item 4. Ownership***

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

As of December 31, 2012, DG Capital Management, LLC was an indirect beneficial owner of 1,401,587 shares of Common Units and 185,402 shares of Series A Preferred Units. The percentages herein are calculated based upon the 185,402 shares of Series A Preferred Units convertible on a 1:1 ratio to Common Units and the 22,660,137 shares of Common Units issued and outstanding as of November 2, 2012, as reported on the Issuer's Form 10-Q filed with the SEC on November 6, 2012.

(a) Amount Beneficially Owned***

DG Capital Management, LLC - 1,586,989 shares
Dov Gertzulin - 1,586,989 shares

(b) Percent of Class

DG Capital Management, LLC - 6.94%
Dov Gertzulin - 6.94%

(c) Number of shares as to which such person has:

- (i) sole power to vote or to direct the vote

DG Capital Management, LLC - 0 shares
Dov Gertzulin - 0 shares
- (ii) shared power to vote or to direct the vote

DG Capital Management, LLC - 1,586,989 shares
Dov Gertzulin - 1,586,989 shares
- (iii) sole power to dispose or to direct the disposition of

DG Capital Management, LLC - 0 shares
Dov Gertzulin - 0 shares
- (iv) shared power to dispose or to direct the disposition of

DG Capital Management, LLC - 1,586,989 shares
Dov Gertzulin - 1,586,989 shares

*** Shares reported herein are held by DG Value Partners, LP, DG Value Partners II Master Fund, LP, Special Situations, LLC, Gemcap Equity Corp and Special Situations X, LLC (the "DG Entities"), along with certain managed accounts for which DG Capital Management, LLC exercises discretionary investment management authority. Dov Gertzulin serves as managing member of DG Capital Management, LLC. Each of the DG Entities beneficially owns less than five percent of the shares reported herein. Each of the Reporting Persons disclaims beneficial ownership of the shares reported herein except to the extent of its or his pecuniary interest therein. There are also three separately managed accounts each beneficially owns less than five percent of the shares reported herein.

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [].

Item 6. Ownership of More than Five Percent on Behalf of Another Person

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company
Not applicable.

Item 8. Identification and Classification of Members of the Group
Not applicable.

Item 9. Notice of Dissolution of Group
Not applicable.

Item 10. Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

Exhibits

- 99.1 Joint Filing Agreement by and among the Reporting Persons, incorporated by reference to Exhibit 99.1 to the Schedule 13G filed by the Reporting Persons with the Securities and Exchange Commission on December 26, 2012.
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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Statement is true, complete and correct.

February 14, 2013

DG CAPITAL MANAGEMENT, LLC

By: /s/ Dov Gertzulin
Dov Gertzulin, Managing Member

By: /s/ Dov Gertzulin
Dov Gertzulin, Individually

R-LEFT: medium none">

(e) o An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);

(f) o An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);

(g) o A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);

(h) o A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);

- (i) o A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) o Group, in accordance with §240.13d-1(b)(1)(ii)(J).

Item 4 Ownership.

Reference is hereby made to Items 5-9 and 11 of page 2 of this Schedule 13G/A, which Items are incorporated by reference herein.

The securities referenced in Items 5 and 7 of page 2 of this Schedule 13G/A are owned by William J. Ritger (the "Ritger Securities"). The securities referenced in Items 6 and 8 of page 2 of this Schedule 13G/A (the "Seaside Securities" and together with the Ritger Securities, the "Securities") are owned by Seaside 88, LP, a Florida limited partnership ("Seaside"), for which Seaside 88 Advisors, LLC serves as general partner. William J. Ritger, as one of the managing members of Seaside 88 Advisors, LLC, may therefore be deemed to beneficially own the Seaside Securities for the purposes of Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "Act"), insofar as he may be deemed to have the power to direct the voting or disposition of the Seaside Securities.

Neither the filing of this Schedule nor any of its contents shall be deemed to constitute an admission that any of Seaside, Seaside 88 Advisors, LLC or any managing member of Seaside 88 Advisors, LLC other than Mr. Ritger is, for any other purpose, the beneficial owner of any of the Ritger Securities, and each of Seaside, Seaside 88 Advisors, LLC and the other managing member of Seaside 88 Advisors, LLC disclaims beneficial ownership as to the Ritger Securities. Neither the filing of this Schedule nor any of its contents shall be deemed to constitute an admission that Mr. Ritger is, for any other purpose, the beneficial owner of any of the Seaside Securities, and Mr. Ritger disclaims beneficial ownership as to the Seaside Securities, except to the extent of his pecuniary interests therein.

Under the definition of "beneficial ownership" in Rule 13d-3 under the Securities Exchange Act of 1934, it is also possible that the members of Seaside might be deemed the "beneficial owners" of some or all of the Securities referenced in Items 6 and 8 of page 2 above insofar as they may be deemed to share the power to direct the voting or disposition of such Securities. Neither the filing of this Schedule nor any of its contents shall be deemed to constitute an admission that any of such individuals is, for any purpose, the beneficial owner of any of such Securities, and such beneficial ownership is expressly disclaimed.

The Ritger Securities include 640,000 shares subject to a warrant exercisable within 60 days. The Seaside Securities include 1,000,000 shares subject to a warrant exercisable within 60 days.

The calculation of percentage of beneficial ownership in item 11 of page 2 was derived from the Issuer's Quarterly Report on Form 10-Q for the quarter ended September 30, 2009, filed with the Securities and Exchange Commission on November 16, 2009, in which the Issuer stated that the number of shares of its common stock outstanding as of November 10, 2009 was 53,543,304 shares, which does not include the 640,000 shares subject to the warrant held by Mr. Ritger or the 1,000,000 shares subject to the warrant held by Seaside. The percentage calculation includes all the shares shown in Items 5-9 of page 2 above, whether or not outstanding.

Item 5 Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof, the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following. o

Item 6 Ownership of More Than Five Percent on Behalf of Another Person.
Not applicable.

Item 7 Identification and Classification of the Subsidiary which Acquired the Security Being Reported On by the Parent Holding Company.
Not applicable.

Item 8 Identification and Classification of Members of the Group.
Not applicable.

Item 9 Notice of Dissolution of Group.
Not applicable.

Item 10 Certification.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this statement is true, complete and correct.

Date: February 12, 2010

/s/ William J. Ritger
William J. Ritger