Risk Factors Comparison 2024-03-13 to 2023-03-16 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

An investment in our common stock involves certain risks. If any of the following key risks were to occur, it could have a material adverse effect on our financial position, results of operations and cash flows. In any such circumstance and others described below, the trading price of our securities could decline and you could lose part or all of your investment. Risk Related to our Business Difficulty in attracting and retaining drivers could negatively affect our operations and limit our growth. There is substantial competition for qualified personnel, particularly drivers, in the trucking industry. We operate in geographic areas where there is currently a shortage of drivers. Regulatory requirements, including electronic logging, and an improving U. S. jobs market, could continue to reduce the number of eligible drivers in our markets. Any shortage of drivers could result in temporary under- utilization of our equipment, difficulty in meeting our customers' demands and increased compensation levels, each of which could have a material adverse effect on our business, results of operations and financial condition. A loss of qualified drivers could lead to an increased frequency in the number of accidents, potential claims exposure and, indirectly, insurance costs. Difficulty in attracting qualified drivers could also require us to limit our growth. Our strategy is to grow in part by expanding existing customer relationships into new markets. However, we may have difficulty finding qualified drivers on a timely basis when presented with new customer opportunities, which could result in our inability to accept or service this business or could require us to increase the wages we pay in order to attract drivers. If we are unable to hire qualified drivers to service business opportunities in new markets, we may have to temporarily send drivers from existing terminals to those new markets, causing us to incur significant costs relating to out- of- town driver pay and expenses. In making acquisitions and converting private fleets, some of the drivers in those fleets may not meet our standards, which would require us to find qualified drivers to replace them. If we are unable to find and retain such qualified drivers on terms acceptable to us, we may be forced to forgo opportunities to expand or maintain our business. Our business is dependent on the ability to obtain trade and other credit. Our future development and growth depends, in part, on our ability to successfully obtain credit from suppliers and other parties. We rely on trade credit arrangements as a significant source of liquidity for capital requirements not satisfied by operating cash flow, our revolving line of credit or letters of credit. If global financial markets and economic conditions disrupt and reduce stability in general, and the solvency of creditors specifically, the availability of funding from credit markets would be reduced as many lenders and institutional investors would enact tighter lending standards, refuse to refinance existing debt on terms similar to current debt or, in some cases, cease to provide funding to borrowers. These issues coupled with weak economic conditions would make it more difficult for us, our suppliers and our customers to obtain funding. If we are unable to obtain trade or other forms of credit on reasonable and competitive terms, the ability to continue our marketing businesses, pursue improvements, and continue future growth will be limited. We cannot assure you that we will be able to maintain future credit arrangements on commercially reasonable terms. **We have a concentrated customer base and receive half of our revenue from a small number of customers. Our largest customers consist of large multinational integrated crude oil companies and independent domestic refiners of crude oil. In addition, we transact business with independent crude oil producers, major chemical companies, crude oil trading companies and a variety of commercial energy users. Within this group of customers, we derive approximately 50 percent of our revenue from four to five large crude oil refining customers. During the year ended December 31, 2023, we had sales to two customers that comprised approximately 11. 4 percent and 11. 1 percent, respectively, of total consolidated revenues. While we believe alternative markets are available, our financial condition and results of operations may be adversely affected if we lose these customers or if these customers experience operating and financial performance decline or there is a decrease in their demand.** The financial soundness of customers could affect our business and operating results. Constraints in the financial markets and other macro- economic challenges that might affect the economy of the U. S. and other parts of the world could cause our customers to experience cash flow concerns. As a result, if our customers' operating and financial performance deteriorates, or if they are unable to make scheduled payments or obtain credit, customers would not be able to pay, or may delay payment of, accounts receivable owed to us. Any inability of current and / or potential customers to pay for services may adversely affect our financial condition and results of operations. We generate revenues under contracts that must be renegotiated periodically. Substantially all of our revenues are generated under contracts which expire periodically or which must be frequently renegotiated, extended or replaced. Whether these contracts are renegotiated, extended or replaced is often subject to factors beyond our control. These factors include sudden fluctuations in crude oil and natural gas prices, our counterparties' ability to pay for or accept the contracted volumes and, most importantly, an extremely competitive marketplace for the services we offer. We cannot assure you that the costs and pricing of our services can remain competitive in the marketplace or that we will be successful in renegotiating our contracts. Anticipated or scheduled volumes will differ from actual or delivered volumes. Our crude oil marketing business purchases initial production of crude oil at the wellhead under contracts requiring us to accept the actual volume produced. We generally resell this production under contracts requiring a fixed volume to be delivered. We estimate our anticipated supply and match that supply estimate for both volume and pricing formulas with committed sales volumes. Since actual wellhead volumes produced will rarely equal anticipated supply, our marketing margins may be adversely impacted. In many instances, any losses resulting from the difference between actual supply volumes compared to committed sales volumes must be absorbed by us. We may face opposition to the operation of our pipeline and facilities from various groups. We may face opposition to the operation of our pipeline and facilities from environmental groups, landowners, tribal groups, local groups and other advocates. Such opposition could take many forms, including organized protests, attempts to block or sabotage our operations, intervention in regulatory or administrative proceedings involving our assets, or lawsuits or other actions designed to prevent, disrupt or delay the operation of our assets and business. In addition, acts of sabotage or eco- terrorism could cause significant damage or injury to people, property or the environment or lead to extended interruptions of our operations. Any such event that interrupts the revenues generated by our operations, or which causes us to make significant expenditures not covered by insurance, could reduce our cash available for paying ~~distributions~~ **dividends** to our ~~partners~~ **shareholders** and, accordingly, adversely affect our financial condition and the market price of our securities. Our pipeline integrity program as well as compliance with pipeline safety laws and regulations may impose significant costs and liabilities on us. If we were to incur material costs in connection with our pipeline integrity program or pipeline safety laws and regulations, those costs could have a material adverse effect on our financial condition, results of operations and cash flows. The DOT requires pipeline operators to develop integrity management programs to comprehensively evaluate their pipelines. The majority of the costs to comply with this integrity management rule are associated with pipeline integrity testing and any repairs found to be necessary as a result of such testing. Changes such as advances in pipeline inspection tools and identification of additional threats to a pipeline' s integrity, among other things, can have a significant impact on the costs to perform integrity testing and repairs. We will continue our pipeline integrity testing programs to assess and maintain the integrity of our pipeline. The results of these tests could cause us to incur significant and unanticipated capital and operating expenditures for repairs or upgrades deemed necessary to ensure the continued safe and reliable operation of our pipeline. The rates of our regulated assets are subject to review and possible adjustment by federal and state regulators, which could adversely affect our revenues. The FERC regulates the tariff rates and terms and conditions of service for our interstate common carrier liquids pipeline operations. To be lawful under the ICA, interstate tariff rates, terms and conditions of service must be just and reasonable and not unduly discriminatory, and must be on file with the FERC. In addition, pipelines may not confer any undue preference upon any shipper. Shippers may protest (and the FERC may investigate) the lawfulness of new or changed tariff rates. The FERC can suspend those tariff rates for up to seven months. It can also require refunds of amounts collected pursuant to rates that are ultimately found to be unlawful and prescribe new rates prospectively. The FERC and interested parties can also challenge tariff rates that have become final and effective. The FERC can also order new rates to take effect prospectively and order reparations for past rates that exceed the just and reasonable level up to two years prior to the date of a complaint. Due to the complexity of rate making, the lawfulness of any rate is never assured. A successful challenge of our rates could adversely affect our revenues. The intrastate liquids pipeline transportation services we provide are subject to various state laws and regulations that apply to the rates we charge and the terms and conditions of the services we offer. Although state regulation typically is less onerous than FERC regulation, the rates we charge and the provision of our services may be subject to challenge. Environmental liabilities and environmental regulations may have an adverse effect on us. Our business is subject to environmental hazards such as spills, leaks or any discharges of petroleum products and hazardous substances. These environmental hazards could expose us to material liabilities for property damage, personal injuries, and / or environmental harms, including the costs of investigating **, remediating** and ~~rectifying~~ **monitoring** contaminated properties. **Federal, state and local** ~~Environmental~~ **environmental** laws and regulations govern many aspects of our business, such as transportation and waste management **, as well as permitting and licensing requirements. There are no assurances that we will be able to comply with conditions or restrictions contained in any permit issued by a regulatory agency governing our operations. Further, additional conditions may be included in the renewal or amendment of any permit issued to or held by us, and any permit that has been issued remains subject to renewal, modification, suspension, or revocation by the agency with jurisdiction** . Compliance with environmental laws and regulations can require significant costs or may require a decrease in business activities. Moreover, noncompliance with these laws and regulations could subject us to significant administrative, civil, and / or criminal fines and / or penalties, as well as potential injunctive relief. **In many instances, liability is often " strict, " meaning it is imposed without a requirement of intent or fault by the regulated entity, and this can include not only fines and penalties, but also liability relating to the cleanup of contaminated properties.** See discussion under " Item 1 and 2. Business and Properties — Regulatory Matters, " ~~and in the sections that follow,~~ for additional detail. Restrictions and covenants in our ~~credit~~ **Credit** ~~agreement~~ **Agreement** reduce operating flexibility and create the potential for defaults, which could adversely affect our business, financial condition and results of operations. Under our credit agreement **with Cadence Bank (" Credit Agreement ")** , we may borrow or issue letters of credit in an aggregate of up to $ 60. 0 million under a revolving credit facility, subject to our compliance with certain financial covenants. The ~~credit~~ **Credit** ~~agreement~~ **Agreement** also includes a term loan in the initial principal amount of $ 25. 0 million. At December 31, ~~2022~~ **2023** , we had $ ~~24~~ **21** . ~~4~~ **9** million of borrowings outstanding under the term loan and $ ~~8~~ **13** . ~~4~~ **0** million of letters of credit issued under the ~~credit~~ **Credit** ~~agreement~~ **Agreement** . The terms of our ~~credit~~ **Credit** ~~agreement~~ **Agreement** restrict our ability to, among other things (and subject in each case, to various exceptions and conditions): • incur additional indebtedness, • create additional liens on our assets, • make certain investments, • pay dividends, • dispose of our assets or engage in a merger or other similar transaction, or • engage in transactions with affiliates. Our ability to comply with the financial covenants in the ~~credit~~ **Credit** ~~agreement~~ **Agreement** depends on our operating performance, which in turn depends significantly on prevailing economic, financial and business conditions and other factors that are beyond our control. Therefore, despite our best efforts and execution of our strategic plan, we may be unable to comply with these financial covenants in the future. At December 31, ~~2022~~ **2023** , we were in compliance with all financial covenants. However, if in the future there are economic declines, we can make no assurance that these declines will not negatively impact our financial results and, in turn, our ability to meet these financial covenant requirements. If we fail to comply with certain covenants, including our financial covenants, we could be in default under our ~~credit~~ **Credit** ~~agreement~~ **Agreement** . In the event of such a default, the lenders under the ~~credit~~ **Credit** ~~agreement~~ **Agreement** are entitled to take various actions, including the acceleration of the maturity of all loans and to take all actions permitted to be taken by a secured creditor against the collateral under the related security documents and applicable law. Any of these events could adversely affect our business, financial condition and results of operations. In addition, these restrictions reduce our operating flexibility and could prevent us from exploiting certain investment, acquisition, or other time- sensitive business opportunities. Our indebtedness, along with the variable interest rates we pay on our indebtedness, could adversely affect our business and our ability to execute our business strategy. We have a $ 25. 0 million term loan and a revolving credit facility that permits us to borrow up to $ 60. 0 million in additional loans and letters of credit (with letters of credit not to exceed $ 30. 0 million). Our ~~credit~~ **Credit** ~~facility~~ **Agreement** bears interest at variable rates, which will generally change as interest rates change. ~~Currently~~ **During our fiscal year ended December 31, 2023,** we ~~are experiencing~~ **experienced** , and **we** may continue to experience, increases in interest on our variable rate loans. If interest rates increase and we do not hedge such variable rates, our debt service obligations will increase even when the amount borrowed may stay the same. In an increasing interest rate environment, we bear the risk that the rates we are charged by the lenders under our ~~credit~~ **Credit** ~~facility~~ **Agreement** will increase faster than the earnings and cash flow of our business, which could reduce our profitability, adversely affect our ability to service our debt, cause us to breach covenants in our ~~credit~~ **Credit** ~~facility~~ **Agreement** , or divert capital that we would otherwise be able to use to grow the business or declare dividends in order to fulfill our debt service requirements. Risk Related to our Industry ~~The ongoing~~ **Public health emergencies, including the** COVID- 19 pandemic **,** ~~and other health outbreaks~~ could disrupt **or continue to disrupt** our operations and adversely impact our business and financial results. The ~~ongoing~~ COVID- 19 pandemic ~~has~~ resulted in a number of adverse economic effects, including changes in consumer behavior related to the economic slowdown, disruption of historical supply and demand patterns, and changes in the work force, which has affected our business and the businesses of our customers and suppliers. These adverse economic effects of the COVID- 19 outbreak have impacted our operations and services. The COVID- 19 pandemic has created business challenges primarily related to changes in the work force, which ~~has~~ **have** impacted our ability to hire and retain qualified truck drivers, and created issues with the supply chain, resulting in delays in purchasing items, including new tractors. While demand for transportation of products and demand for crude oil has ~~increased~~ **largely rebounded** from 2020 levels during the initial ~~months~~ **stages** of the pandemic, our growth has been limited in certain markets by the availability of truck drivers. ~~Our primary focus continues to be the safety of our employees and operations while providing uninterrupted service to our customers. We continue to maintain the safety protocols we established, including encouraging our employees to seek vaccination when eligible. We are dependent on our workforce of truck drivers to transport crude oil and products for our customers. Developments such as social distancing and shelter- in- place directives thus far, when implemented, have not had a significant impact on our ability to deploy our workforce effectively as the transportation industry has been deemed an essential service under current Cybersecurity and Infrastructure Security Agency guidelines.~~ We have ~~also~~ been seeking ways to overcome supply shortages in tractors, by additional maintenance to extend vehicle lives, shortages in tires and other inventory by having additional items on hand and increases in the price of diesel fuel by continuing to pass costs through to customers or attempting to reduce costs through efficiencies. If the pandemic continues to affect global supply chains and fuel costs, we may be unable to pass costs through to customers or maintain our operating margins. We ~~are actively~~ **continue to** ~~monitoring~~ --- **monitor** the ~~global situation and its~~ effect **of the pandemic** on our financial condition, liquidity, operations, customers, industry and workforce. **If** ~~Given the ongoing evolution of the COVID- 19 outbreak and the global responses to curb its spread, we cannot estimate the length or gravity of the impacts of these events at this time. The current administration has announced that the COVID- 19 public health emergency will expire in May 2023. However, if~~ the pandemic and its economic effects continue **or worsen** , particularly in light of new and variant strains of the virus and the plateau of vaccination rates, it may have a material adverse effect on our results of future operations, financial position and liquidity. Should the coronavirus continue to spread, our business operations could be delayed or interrupted. For instance, our operations would be adversely impacted if a number of our administrative personnel, drivers or field personnel are infected and become ill or are quarantined. At this time, we believe that our business would generally be exempted from shelter- in- place orders or other mandated local travel restrictions as an essential service but there can be no assurance as the scope of **restrictions** ~~quarantine orders~~ imposed by local or state governments. While the potential economic impact brought by and the duration of **public health emergencies such as** the **coronavirus** ~~pandemic or any new pandemic~~ may be difficult to assess or predict, ~~it has already~~ **such emergencies may** ~~caused~~ - **cause** ~~, and is likely to result in further,~~ significant disruption of global financial markets, which may reduce our ability to access capital either at all or on favorable terms. In addition, a recession, depression or other sustained adverse market event resulting from the spread **or worsening** of the coronavirus **or other public health emergencies** could materially and adversely affect our business and financial results. General economic conditions could reduce demand for chemical- based trucking services. Customer demand for our products and services is substantially dependent upon the general economic conditions for the U. S., which are cyclical in nature. In particular, demand for liquid chemical truck transportation services is dependent on activity within the petrochemical sector of the U. S. economy. Chemical sector demand typically varies with the housing and auto markets as well as the relative strength of the U. S. dollar to foreign currencies. A relatively strong U. S. dollar exchange rate may be adverse to our transportation operation since it tends to suppress export demand for petrochemicals. Conversely, a weak U. S. dollar exchange rate tends to stimulate export demand for petrochemicals. Fluctuations in crude oil prices could have an adverse effect on us. Our future financial condition, revenues, results of operations and future rate of growth are materially affected by crude oil prices that historically have been volatile and are likely to continue to be volatile in the future. Crude oil prices depend on factors outside of our control. These factors include: • supply and demand for crude oil and expectations regarding supply and demand; • political conditions in other crude oil- producing countries, including the possibility of insurgency or war in such areas; • economic conditions in the U. S. and worldwide; • the impact of public health epidemics, like the global coronavirus outbreak beginning in 2020; • governmental regulations and taxation; • the impact of energy conservation efforts; • the price and availability of alternative fuel sources; • weather conditions; • availability of local, interstate and intrastate transportation systems; and • market uncertainty. Increases in the price of diesel fuel and availability of diesel fuel could have an adverse effect on us. As an integral part of our crude oil marketing, transportation and logistics and repurposing businesses, we operate approximately ~~670~~ **605** tractors, and diesel fuel costs are a significant component of our operating expenses. The market price for fuel can be extremely volatile and is affected by a number of economic and political factors. In addition, changes in federal or state regulations can impact the price of fuel, as well as increase the amount we pay in fuel taxes. In our transportation segment, we typically incorporate a fuel surcharge provision in our customer contracts. During periods of high prices, we attempt to recoup rising diesel fuel costs through the pricing of our services. However, our customers may be able to negotiate contracts that minimize or eliminate our ability to pass on fuel price increases **. We are also not able to obtain the benefit of a fuel surcharge on the crude oil marketing segment private fleet** . Our operations may also be adversely affected by any limit on the availability of fuel. Disruptions in the political climate in key oil producing regions in the world, particularly in the event of wars or other armed conflicts, could severely limit the availability of fuel in the U. S. In the event we face significant difficulty in obtaining fuel, our business, results of operations and financial condition would be materially adversely affected. Insurance and claims expenses, including for self- insured risks, could significantly reduce our earnings. Transportation of hazardous materials involves certain operating hazards such as automobile accidents, explosions, fires and pollution. Any of these operating hazards could cause serious injuries, fatalities or property damage, which could expose us to liability. The payment of any of these liabilities could reduce, or even eliminate, the funds available for other areas. Consistent with the industry standard, our insurance policies provide limited coverage for losses or liabilities relating to pollution, with broader coverage provided for sudden and accidental occurrences. Insurance might be inadequate to cover all liabilities. Obtaining insurance for our line of business can become difficult and costly. Typically, when insurance cost escalates, we may reduce our level of coverage, and more risk may be retained to offset cost increases. Beginning in 2021, we self- insure a significant portion of our claims exposure resulting from auto liability, general liability and workers' compensation through our wholly owned captive insurance company. Although we reserve for anticipated losses and expenses based on actuarial reviews and periodically evaluate and adjust our claims reserves to reflect our experience, estimating the number and severity of claims, as well as related costs to settle or resolve them, is inherently difficult, and such costs could exceed our estimates. Accordingly, our actual losses associated with insured claims may differ materially from our estimates and adversely affect our financial condition and results of operations in material amounts. We maintain an insurance program for potential losses that are in excess of the amounts that we insure through the captive, as well as potential losses from other categories of claims. Although we believe our aggregate insurance limits should be sufficient to cover our historic or future claims amounts, it is possible that one or more claims could exceed our aggregate coverage limits. If any claim were to exceed our aggregate insurance coverage, we would bear the excess, in addition to the amount in the captive. Given the current claims settlement environment, the amount of commercially available insurance coverage is decreasing, and the premiums for this coverage are increasing significantly. For the foregoing reasons, our insurance and claims expenses may increase, or we could increase our self- insured retention as policies are renewed or replaced. In addition, we may assume additional risk within our captive insurance company that we may or may not reinsure. Our results of operations and financial condition could be materially and adversely affected if (1) our costs or losses significantly exceed our aggregate self- insurance and excess coverage limits, (2) we are unable to obtain affordable insurance coverage in amounts we deem sufficient, (3) our insurance carriers fail to pay on our insurance claims, or (4) we experience a claim for which coverage is not provided. Counterparty credit default could have an adverse effect on us. Our revenues are generated under contracts with various counterparties, and our results of operations could be adversely affected by non- performance under the various contracts. A counterparty' s default or non-performance could be caused by factors beyond our control. A default could occur as a result of circumstances relating directly to the counterparty, or due to circumstances caused by other market participants having a direct or indirect relationship with the counterparty. We seek to mitigate the risk of default by evaluating the financial strength of potential counterparties; however, despite mitigation efforts, contractual defaults do occur from time to time. Our business is subject to changing government regulations. Federal, state or local government agencies may impose environmental, labor or other regulations that increase costs and / or terminate or suspend operations. Our business is subject to federal, state and local laws and regulations. These regulations relate to, among other things, transportation of crude oil and natural gas. Existing laws and regulations could be changed, and any changes could increase costs of compliance and costs of operations. Climate change legislation or regulations restricting emissions of " greenhouse gases " (" GHGs ") could result in increased operating or compliance costs and reduced demand for the crude oil we market and transport. More stringent laws and regulations relating to climate change and GHGs may be adopted ~~and~~ **which** could cause us to incur material expenses to comply with such laws and regulations. In **2014** ~~the absence of comprehensive federal legislation on GHG emissions control~~ , the ~~EPA attempted to require air permits for GHG emissions. The~~ U. S. Supreme Court ~~struck down certain of the permitting requirements in 2014, but~~ upheld the EPA' s authority to ~~control~~ **regulate** GHG emissions ~~when~~ **. Pursuant to EPA regulations,** a permit ~~is~~ **governing GHG emission may be** required ~~due to~~ **, in conjunction with authorization of** emissions of other pollutants. The EPA also requires, pursuant to ~~the~~ **its** GHG Reporting Rule, specified large GHG emission sources to report their GHG emissions. Regulated sources include **, without limitation,** onshore and offshore crude oil and natural gas production facilities and onshore crude oil and natural gas processing, transmission, storage and distribution facilities. Reporting of GHG emissions from such large facilities is required on an annual basis. We do not presently operate any such large GHG ~~emission~~ **emissions** sources **,** but ~~,~~ if we were to do so ~~in the future~~ , we would incur costs associated with evaluating and meeting this reporting obligation. **Our industry is subject to regular enactment of new or amended federal, state, and local environmental health and safety statutes, regulation, and ballot initiatives, as well as judicial decisions interpreting these requirements, which have become more stringent over time. We expect these trends to continue, which could lead to material increases in our costs for future environmental, health, and safety compliance. These requirements may also impose substantial capital and operating costs and operational limitations on us and may adversely affect our business.** Regulation of ~~methane emissions has varied significantly between recent administrations, and may continue to change under the current administration or in the future. The~~

~~EPA promulgated and subsequently revised various~~ methane and volatile organic compound (“ VOC ”) ~~rules~~ **emissions has varied significantly** between ~~2016 and 2022. In some of the more~~ recent ~~promulgations~~ **administrations** , ~~in November 2021,~~ **but regulation of these emissions is becoming increasingly stringent. Increased regulatory oversight by** the EPA ~~proposed rules~~ **may result in increased compliance costs for our business. More directly, these costs may extend** to ~~regulate~~ **our customers and the industry as a whole, which could lead to a diminution in our customers’ business and their exploration and production activities, and ultimately detrimentally affect our business. Regulation of** ~~methane~~ **menthane** and VOC emissions from oil and gas **operation in particular is becoming more pervasive and comprehensive. In December 2023, EPA issued a final rule to further regulate methane emissions and VOCs from oil and gas** industry sources **— implementing regulations known as OOOOb and OOOOc** . The ~~proposed rules -~~ **rule** ~~would generally impose more stringent emissions control requirements upon~~ **includes a comprehensive suite of pollution reduction standards including, among others, the creation of a** new ~~tankage, and would enact a~~ New Source Performance Standard (~~“~~ NSPS ~~”~~) ~~,~~ **for oil and gas industry sources; a requirement that all well sites and compressor stations be routinely monitored for leaks; and the creation of what is known as a Super Emitter Program that authorizes third parties to remotely monitor regulated facilities and notify EPA when certain significant methane releases occur.** ~~under~~ **Under** ~~Subpart~~ OOOOb, ~~which would~~ **a new NSPS** ~~include~~ **includes generally more stringent** standards for **“ new ”** emission sources not regulated previously under the **previous** ~~2016 NSPS Subpart OOOOa. Additionally, the proposed~~ rules **— this being any facility constructed, reconstructed, or modified after December 6, 2022. Under OOOOc, the rule** ~~include~~ **includes the first oil and gas** ~~emissions~~ - **emission** guidelines for existing sources, ~~known as~~ **which requires states to enforce standards largely consistent with those of** Subpart ~~OOOOc~~ **OOOOb on existing oil and gas emissions sources** . ~~More recently, in November 2022,~~ **The state implementation plans are required to be submitted within two years of** the ~~EPA proposed a~~ rule ~~to build upon~~ **’ s finalization** and ~~implement more stringent requirements than the 2021 proposed rule and to regulate additional sources not previously~~ regulated **entities will be** ~~. If finalized, the rule would, among other things, increase fugitive emissions monitoring requirements for all sites and would no longer exclude wellhead- only sites; require~~ **required to comply within** ~~monitoring at all well sites for the~~ **three** ~~life~~ **years** of the **submittal deadline** ~~site until plugged; create a Super- Emitter Response Program to quickly identify large leaks for mitigation; increase stringency of equipment regulations; and revise leak detection protocols~~ . ~~The~~ **These** ~~November 2022~~ rules ~~proposal also includes requirements to monitor emissions from closed wells and undertake necessary repairs to address emissions in connection with well closures. If these rules are enacted as proposed, they~~ may require ~~oil~~ **us** and ~~gas operators~~ **the industry** to expend material sums on compliance, **including equipment repair, replacement, and monitoring,** which may reduce **overall industry** ~~our customers’ E & P activities~~ **activity** and **demands which** could have an adverse impact on **our business. Further, states may adopt laws or regulations more stringent than the federal rules, which would remain in place regardless of the outcome of any federal rules stay or litigation, thus potentially causing additional impact on our business and the industry as a whole, which could adversely affect** our business. The Bureau of Land Management (“ BLM ”) has similarly promulgated **proposed and final** methane emission rulemakings ~~. In November 2016~~ , **which also seek** ~~the BLM issued a final rule (“ 2016 Rule ”)~~ to reduce methane emissions from venting, flaring **,** and leaks during crude oil and natural gas operations on public lands. ~~In April 2018, the U. S. District Court for the District of Wyoming stayed implementation of much of the rule. In September 2018, the BLM issued a final rule substantially revising the 2016 Rule, which was challenged in the U. S. District Court for the Northern District of California and was vacated on July 15, 2020. On July 21, 2020, the U. S. District Court for the District of Wyoming lifted the stay on the 2016 Rule, and vacated much of the rule on October 8, 2020.~~ The **increased regulation** ~~result has been to reinstate the 1979 rules regarding venting, flaring and loss determinations. Most recently, on November 29, 2022, the BLM again issued a proposed rule aimed at curtailing waste~~ of **the** ~~methane flared, vented or leaked from~~ oil and gas **industry** ~~production operations on federal and Tribal lands. Heightened regulation of our customers~~ ’ **s** operations could adversely affect our business **, our customers’ business, and others** . The **heightened standards** ~~regulation of emissions from oil and gas E & P operations~~ may increase the ~~costs~~ - **cost** to our customers **in delivering** ~~of developing and producing~~ hydrocarbons and, as a result, may **result in a diminution** ~~have an adverse effect on the amount~~ of product transported **and our business generally** . In addition, the U. S. Congress has considered legislation to reduce emissions of GHGs, and many states and regions have already taken legal measures to reduce or measure GHG emission levels, often involving the planned development of GHG emission inventories and / or regional cap and trade programs. Most of these cap and trade programs require major sources of emissions or major producers of fuels to acquire and surrender emission allowances. Generally, the number of allowances available for purchase is reduced each year in an effort to reduce overall GHG emissions, and the cost of these allowances could escalate significantly over time. In the markets in which we currently operate, our operations are not materially affected by such GHG cap and trade programs. On an international level, almost 200 nations agreed in December 2015 to an international climate change agreement in Paris, France that calls for countries to set their own GHG emissions targets and to be transparent about the measures each country will use to achieve its GHG emissions targets. Although the U. S. withdrew from the Paris accord in November 2020, it rejoined under the new administration in February 2021. Further, several states and local governments remain committed to the principles of the international climate agreement in their effectuation of policy and regulations. It is not possible at this time to predict how or when the U. S. might impose restrictions on GHGs as a result of the international climate change agreement. The adoption and implementation of any legislation or regulatory programs imposing GHG reporting obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur costs to reduce emissions of GHGs associated with our operations including costs to operate and maintain our facilities, install new emission controls on our facilities, acquire allowances to authorize our GHG emissions, pay any taxes related to GHG emissions and administer and manage a GHG emissions program. Such programs also could adversely affect demand for the crude oil that we market and transport. ~~The~~ **Generally, the promulgation of climate change laws or regulations restricting or regulating GHG emissions from our operations could increase our costs to**

operate by increasing control technology requirements or changing regulatory obligations. In the United States, the EPA' s current and proposed regulation of GHG emissions may result in an increased cost of our operations as well as that of our customers, which in either case could adversely affect our business. In addition to the regulation of operations, the SEC ~~proposed~~ **has adopted disclosure** rules in March ~~2022~~ **2024** that ~~would~~ **will generally require public companies** , ~~among~~ **after a transition period, to disclose climate- related risks and impacts, mitigation or adaptation activities, board oversight of climate- related risks, capitalized costs, expenses and losses incurred as a result of severe weather events and** other ~~things~~ **natural conditions** , **and other climate- related information, and will** require **many** public companies to monitor and report direct GHG emissions ~~,~~ **and** indirect GHG emissions from the purchase of energy ~~, and indirect~~ **. Even though we will be exempt from the more onerous** emissions ~~from upstream and downstream activities in a company' s value chain. Public companies would also be required under the proposed rules to make additional financial statement and narrative disclosures relating to the impact of climate~~ - related **disclosure requirements** ~~events. If adopted in their proposed form~~ - **for so long as we continue to qualify as a " smaller reporting company** , **"** the rules may impose substantial ~~operating and~~ compliance costs on our business, the impact of which we are currently unable to quantify. The Inflation Reduction Act may have implications for our customers and our business operations. The Inflation Reduction Act of 2022 (" IR Act ") put in place broad- reaching tax, loan, incentive and other programs. The IR Act' s provisions include, but are not limited to: incentives for carbon capture and hydrogen projects; royalties on gas produced from federal land, including gas consumed or lost by venting, flaring or equipment releases; new charges for methane emissions from certain oil and gas operations; and new and expanded tax credits for certain renewable energy projects, among others. It is possible that, as implemented, the IR Act could in some ways alter our operations as well as those of our customers. There is the possibility that incentives for carbon capture and hydrogen projects may, among other things, prompt development of new or repurposing existing pipeline infrastructure. It is not clear how these developments will impact our business. Our reputation may be adversely affected if we are not able to achieve our Environmental, Social and Governance (" ESG ") goals. **There is** ~~Increasing~~ **increasing** ~~governmental~~ **shareholder** and ~~societal attention to~~ **stakeholder focus upon the development and implementation of more robust** ESG ~~matters~~ **and sustainability policies** , ~~including~~ **practices, and disclosures around climate- related risk identification and mitigation — as shown by the SEC' s proposed Climate Change Disclosure Rule. This focus has included, but is not limited to,** ~~expanding~~ - **expansion of** mandatory and voluntary reporting, ~~and~~ **including** ~~disclosure~~ **disclosures on** ~~topics such as~~ climate change, sustainability **efforts** ~~(including with respect to our supply chain)~~ , natural resources, waste reduction, energy, human capital, and risk oversight **. Developing and implementing these new ESG and sustainability practices, new disclosure requirement responses, and monitoring networks can involve significant costs and require extended time commitment from employees, officers, and directors. Further, certain investors and lenders are integrating ESG factors into their decision making in conjunction with traditional financial considerations. To the extent that ESG and sustainability metrics and targets become applicable to our operations (whether voluntary, aspirational, or otherwise), our failure to achieve these targets, or a perception among key stakeholders that such targets are insufficient, unattainable, or merely placeholders,** could ~~expand the nature~~ **damage our reputation** , ~~scope~~ **competitive position** , ~~and complexity of matters that we are required to control, assess, and report. We strive to deliver shared~~ - **share** ~~value through our~~ **price, and overall** business ~~and our diverse stakeholders expect us to make progress in certain ESG priority issue areas. A failure or perceived failure to meet these expectations could adversely affect public perception of our business, employee morale or customer or shareholder support~~ . General Risk Factors Economic developments could damage our operations and materially reduce our profitability and cash flows. Potential disruptions in the credit markets and concerns about global economic growth could have a significant adverse impact on global financial markets and commodity prices. These factors could contribute to a decline in our stock price and corresponding market capitalization. If commodity prices experience a period of rapid decline, or a prolonged period of low commodity prices, our future earnings will be reduced. We currently rely on our bank ~~credit~~ **Credit** ~~facility~~ **Agreement** to issue letters of credit and to fund certain working capital needs from time to time. If the capital and credit markets experience volatility and the availability of funds become limited, our customers and suppliers may incur increased costs associated with issuing commercial paper and / or other debt instruments and this, in turn, could adversely affect our ability to secure supply and make profitable sales. Current and future litigation could have an adverse effect on us. We are currently involved in certain administrative and civil legal proceedings as part of the ordinary course of our business. Moreover, as incidental to operations, we sometimes become involved in various lawsuits and / or disputes. Lawsuits and other legal proceedings can involve substantial costs, including the costs associated with investigation, litigation and possible settlement, judgment, penalty or fine. Although we maintain insurance to mitigate these costs, we cannot **guarantee** ~~assure you~~ that costs associated with lawsuits or other legal proceedings will not exceed the limits of insurance policies. Our results of operations could be adversely affected if a judgment, penalty or fine is not fully covered by insurance. We could be adversely affected by changes in tax laws or regulations. The Internal Revenue Service, the U. S. Treasury Department, Congress and the states frequently review federal or state income tax legislation. We cannot predict whether, when, or to what extent new federal or state tax laws, regulations, interpretations or rulings will be adopted. Any such legislative action may prospectively or retroactively modify tax treatment and, therefore, may adversely affect taxation of us. We are subject to **potential physical** risks associated with climate change. ~~In interpretative guidance on~~ **The potential physical effects of** climate change ~~disclosures~~ **and the potential increase in frequency of severe weather events on our operations and business are highly uncertain and vary largely depending on the geographical and environmental features of each facility and region. Regardless** , **our facilities still face the risk of** ~~the~~ **these** ~~SEC indicates that climate change~~ **physical effects. Examples of potential physical risks include floods, water shortages and quality, hurricane- force winds, wildfires, freezing temperatures and snowstorms, and rising sea levels at our coastal or near- coastal facilities. Our pipeline and storage facilities are fixed in place and in some cases near the coast, which may be particularly vulnerable. Depending on the**

physical effects of weather events, these facilities could potentially be required to temporarily or even permanently shut down operations. Further, these potential disruptions may hinder or prevent our ability to transport or receive products in these areas. Extended periods of disruption could have an **adverse** effect on **our operations and therefore our business. Further, the overall oil and gas industry within the same region may also be negatively affected and / or disrupted resulting in diminution in our business and that of our customers. We currently have systems in place to manage physical risks, but if such events occur** ~~the~~ **they may still have** ~~severity of weather (including hurricanes and~~ - **an adverse effect on our assets** ~~floods), sea levels, the arability of farmland~~ and ~~water availability~~ **operations. We have incurred** and ~~quality~~ **will continue to incur costs to protect our assets from physical risks and to further mitigate such risks** . If such ~~effects~~ **events** were to occur, ~~our~~ operations **may** ~~have the potential to~~ be adversely affected **,** ~~. Potential adverse effects could include~~ **including :** disruption of our marketing and transportation activities, ~~including~~ **increases in our costs of operation** , ~~for example~~ **reductions in the efficiency of our operations** , **incurrence of substantial costs to repair** ~~damages~~ **damaged** ~~to our~~ facilities **; and** ~~from powerful winds or floods, or increases in our costs of operation or reductions in the efficiency of our operations, as well as potentially~~ -- **potential** increased costs for insurance ~~coverages~~ - **coverage** in the aftermath of such **events. These** effects ~~. Our pipeline and storage facilities, which are fixed in place and in some cases near the coast, may be particularly vulnerable. Significant physical effects of climate change~~ could also have an indirect effect on our financing and operations by disrupting the transportation or process **-** related services provided by companies or suppliers with whom we have a business relationship. **Additionally** ~~In addition~~ , the demand for and consumption of our ~~products and~~ services (due to ~~change~~ **changes** in both costs and weather patterns), and the economic health of the regions in which we operate, could have a material adverse ~~effect~~ **impact** on our business, ~~financial condition, results of operations and cash flows. We may not be able to recover through insurance some or~~ **our customers** ~~any of the damages~~ , ~~losses~~ **and** ~~or~~ **our suppliers — thus, further indirectly impacting us** ~~costs that may result from potential physical effects of climate change~~ . Cyber- attacks or other disruptions to our information technology systems could lead to reduced revenue, increased costs, liability claims, fines or harm to our competitive position. We rely on our information technology systems to conduct our business, including systems of third- party vendors. These systems include information used to operate our assets and cloud- based services. These systems have been subject to attempted security breaches and cyber- attacks in the past, and may be subject to such attacks in the future. Cyber- attacks are becoming more sophisticated, and U. S. government warnings have indicated that infrastructure assets, including pipelines, may be specifically targeted by certain groups. These attacks include, without limitation, malicious software, ransomware, attempts to gain unauthorized access to data, and other electronic security breaches. These attacks may be perpetrated by state- sponsored groups, “ hacktivists ”, criminal organizations or private individuals (including employee malfeasance). These cybersecurity risks include cyber- attacks on both us and third parties who provide material services to us. In addition to disrupting operations, cyber security breaches could also affect our ability to operate or control our facilities, render data or systems unusable, or result in the theft of sensitive, confidential or customer information. These events could also damage our reputation, and result in losses from remedial actions, loss of business or potential liability to third parties. We may incur increasing costs in connection with our efforts to enhance and ensure security and in response to actual or attempted cybersecurity attacks. Substantial aspects of our business depend on the secure operation of our computer systems and websites. Security breaches could expose us to a risk of loss, misuse or interruption of sensitive and critical information and functions, including our own proprietary information and that of our customers, suppliers and employees. Such breaches could result in operational impacts, reputational harm, competitive disadvantage, litigation, regulatory enforcement actions and liability. While we devote substantial resources to maintaining adequate levels of cybersecurity, we cannot assure you that we will be able to prevent all of the rapidly evolving types of cyberattacks. Actual or anticipated attacks and risks may cause us to incur increasing costs for technology, personnel and services to enhance security or to respond to occurrences. We have programs, processes and technologies in place to attempt to prevent, detect, contain, respond to and mitigate security- related threats and potential incidents. We undertake ongoing improvements to our systems, connected devices and information- sharing products in order to minimize vulnerabilities, in accordance with industry and regulatory standards; however, the techniques used to obtain unauthorized access change frequently and can be difficult to detect. Anticipating, identifying or preventing these intrusions or mitigating them if and when they occur is challenging and makes us more vulnerable to cyberattacks than other companies not similarly situated. If our security measures are circumvented, proprietary information may be misappropriated, our operations may be disrupted, and our computers or those of our customers or other third parties may be damaged. Compromises of our security may result in an interruption of operations, violation of applicable privacy and other laws, significant legal and financial exposure, damage to our reputation, and a loss of confidence in our security measures.