Risk Factors Comparison 2024-02-21 to 2023-02-28 Form: 10-K

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Investing in us involves a degree of risk. You should carefully consider all information in this **Annual Report on** Form 10- K, including the Management' s Discussion & Analysis section and the financial statements and related notes, prior to investing in our common stock. These risks and uncertainties include, but are not limited to, the following: Risks Related to our Business / Industry: • The prices of crude oil, renewable feedstocks and refined, finished lubricant and renewable diesel products materially affect our profitability, and are dependent upon many factors that are beyond our control ~~. • General economic conditions may adversely affect our business, operating results and financial condition~~. • Our operations are subject to catastrophic losses, operational hazards and unforeseen interruptions and other disruptive risks for which we may not be adequately insured. • A disruption to or proration of the product distribution systems or manufacturing facilities we utilize could negatively impact our profitability. • A material decrease in the supply, or a material increase in the price, of crude oil, renewable feedstocks or other raw materials or equipment available to our refineries and other facilities could significantly reduce our production levels and negatively affect our operations. • To successfully operate our facilities, we are required to expend significant amounts for capital outlays and operating expenditures. If we are unable to complete capital projects at their expected costs or in a timely manner, our financial condition, results of operations, or cash flows could be materially and adversely affected. • The refining and marketing industry and the lubricants and ~~specialty~~ **specialties** ~~products~~ industry are highly competitive, and an increase in competition could adversely affect our earnings and profitability. • ~~REH Company became a significant holder of our common stock following the completion of the Sinclair Transactions. •~~ Our ~~acquisition strategy involves numerous~~ **business is subject to the** risks ~~, any~~ of **international operations** ~~which could adversely affect us~~. • Negative publicity or an erosion of our business reputation could have a material adverse effect on our earnings, cash flows and financial condition **. • Potential product, service or other related liability claims and litigation could adversely affect our business, reputation and results of operations**. • Terrorist attacks, and the threat of terrorist attacks or vandalism, have resulted in increased costs to our business. Continued global hostilities or other sustained military campaigns may adversely impact our results of operations. • Our business may suffer due to a change in the composition of our Board of Directors, or the departure of any of our key ~~senior~~ executives or other key employees. **A** ~~Furthermore, a~~ shortage of skilled labor may make it difficult for us to maintain labor productivity. • A portion of our workforce is unionized, and any disruptions in our labor force or adverse employee relations could adversely affect our business. • The ~~COVID- 19 pandemic or any other~~ widespread outbreak of an illness or pandemic or other public health crisis, and actions taken in response thereto, ~~has had and~~ may ~~continue to~~ have a material adverse effect on our business. • **Acquisitions involve numerous** ~~Our business is subject to the~~ risks ~~of international operations~~, **any of which** ~~including currency fluctuations. • Potential product, service or other related liability claims and litigation~~ could adversely affect **us** ~~our business, reputation and results of operations. • We depend upon HEP for a substantial portion of the crude supply and distribution network that serve our refineries, and we own a significant equity interest in HEP~~. • Certain of our facilities **, pipelines** and assets are located on or adjacent to Native American tribal lands ~~. Furthermore, our~~ **or on other lands which we do not own. Our** operations are subject to potentially disruptive activity by those concerned with our industry. • **General economic conditions may adversely affect our business, operating results and financial condition. •** An impairment of our goodwill or long- lived assets could reduce our earnings or negatively impact our financial condition and results of operations. • We sell many of our lubricants and ~~specialty~~ **specialties** products through distributors, which presents risks that could adversely affect our operating results. • The market price of our common stock may fluctuate significantly, and the value of a stockholder' s investment could be impacted. **• REH Company became a significant holder of our common stock following the completion of the Sinclair Transactions.** Risks Related to Government Regulation • We are subject to significant regulation and oversight by governmental agencies. • We incur significant costs **and liabilities**, and expect to incur additional costs **and liabilities** in the future, ~~to comply~~ **resulting from compliance** with existing, new and changing environmental ~~and~~ **,** health and safety laws and regulations, and face potential exposure for environmental matters **. • We may incur significant costs and liabilities resulting from performance of pipeline integrity programs and related repairs**. • There are various risks associated with **GHGs** ~~greenhouse gases~~ and climate change that could result in increased operating costs and litigation and reduced demand for the refined products we produce and investment in our industry. • Increasing attention to ~~environmental, social and governance ("~~ ESG ~~")~~ matters may adversely impact our business, financial results, stock price or price of debt securities ~~. • Physical impacts of climate change could have an adverse effect on our financial condition and results of operations~~. • Compliance with, or developments with respect to, renewable and low carbon fuel blending programs, and other regulations, policies, and standards impacting the demand for low- carbon fuels could have an adverse effect on our financial condition and results of operations. • Increases in required fuel economy and regulation of ~~CO2~~ **GHG** emissions from motor vehicles may reduce demand for **petroleum- based** transportation fuels **. • State regulation of petroleum product markets and reporting requirements could adversely impact our business, costs of operation and financial results. • Physical impacts of climate change could have an adverse effect on our financial condition and results of operations**. • Compliance with and changes in tax laws could materially and adversely impact our financial condition, results of operations and cash flows. Risks Related to Cybersecurity, Data Security and Privacy, Information Technology and Intellectual Property • Our information technology systems, operational systems, security systems, infrastructure, communications networks, software integrated in our manufacturing and administrative processes, and customer data processed by us, third- party vendors or suppliers are subject to risks presented by cyber events, including incidents or breaches of security, any of which could prevent us or third parties we rely on from effectively operating our business, and could harm our reputation or materially adversely affect our company' s assets, growth efforts, operations, facilities, business reputation or financial condition. • We may be subject to information technology system failures, communications network disruptions and data breaches that are generally beyond our control. • Our business is subject to complex and evolving global laws, regulations and security standards regarding data privacy, cybersecurity and data protection, which could result in claims ~~,~~ **or** increased cost of operations, or other harm to our business. • We may be unable to adequately maintain, enforce and protect our intellectual property and may not be able to prevent third parties from unauthorized access or use of our intellectual property, which may increase our cost of doing business or otherwise hurt our ability to compete in the market. • If we fail to comply with our obligations under license or technology agreements with third parties or are unable to license rights to use technologies on reasonable terms or at all, we may be required to pay damages or could potentially lose license rights that are critical to our business. Risks Related to Liquidity, Financial Instruments and Credit • **Changes in our credit profile, or a significant increase in the price of crude oil, may affect our relationship with our suppliers, which could have a material adverse effect on our liquidity and limit our ability to purchase sufficient quantities of crude oil to operate our refineries at desired capacity. •** We may not be able to obtain funding on acceptable terms or at all because of volatility and uncertainty in the credit and capital markets. This may hinder or prevent us from meeting our future capital needs. • We are exposed to the credit risks, and certain other risks, of our key customers and vendors. • ~~Changes in our credit profile, or a significant increase in the price of crude oil, may affect our relationship with our suppliers, which could have a material adverse effect on our liquidity and limit our ability to purchase sufficient quantities of crude oil to operate our refineries at desired capacity. •~~ Our credit ~~facility~~ **facilities** ~~contains~~ **contain** certain covenants and restrictions that may constrain our business and financing activities. • Our hedging transactions may limit our gains and expose us to other risks. • We may be unable to pay future dividends. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If any of the following risks were to actually occur, our business, financial condition, results of operations could be materially and adversely affected. The headings provided in this Item 1A. are for convenience and reference purposes only and shall not affect or limit the extent or interpretation of the risk factors. RISKS RELATED TO OUR BUSINESS / INDUSTRY The prices of crude oil, renewable feedstocks and refined, finished lubricant and renewable diesel products materially affect our profitability, and are dependent upon many factors that are beyond our control, including general market demand and economic conditions, seasonal and weather- related factors, regional and grade differentials and governmental regulations and policies. Among these factors is the demand for crude oil, renewable feedstocks (such as soybean oil), refined, finished lubricant and renewable diesel products, which can vary by type and class or product and is largely driven by the conditions of local and worldwide economies, as well as by weather patterns, changes in consumer preferences and the taxation of these products relative to other energy sources. Governmental regulations and policies, particularly in the areas of taxation, energy and the environment, ~~and more recently in response to the COVID- 19 pandemic,~~ also have a significant impact on our activities. Operating results can be affected by these industry factors, product and crude pipeline capacities, crude oil differentials (including regional and grade differentials), the price and availability of renewable feedstocks, changes in transportation costs, accidents or interruptions in transportation, competition in the particular geographic areas that we serve, global market conditions, actions by foreign nations and factors that are specific to us, such as the success of particular marketing programs and the efficiency of our refinery and facility operations. Developments in the global oil markets, such as actual or potential hostilities or other conflicts in oil producing areas, including **shipping disruptions in the Red Sea, the Israel- Gaza conflict and** the Russia- Ukraine war, and worldwide demand for crude oil, particularly in developing countries, can affect the prices of crude oil and result in inflated energy prices. The demand for crude oil and refined and finished lubricant products can also be reduced due to a local or national recession or other adverse economic condition, which results in lower spending by businesses and consumers on gasoline and diesel fuel, higher gasoline prices due to higher crude oil prices, a shift by consumers to more fuel- efficient vehicles or alternative fuel vehicles (such as ethanol or wider adoption of electric, gas / electric hybrid or hydrogen- powered vehicles), or an increase in vehicle fuel economy, whether as a result of technological advances by manufacturers, legislation mandating or encouraging higher fuel economy or the use of alternative fuel. We do not produce crude oil or our renewable feedstocks and must purchase nearly all of the feedstocks we process, the price of which fluctuates based upon worldwide and local market conditions. The profitability of our Refining, Lubricants ~~and~~ **&** ~~Specialty~~ **Specialties** ~~Products~~ and Marketing segments depends largely on the spread between market prices for refined petroleum products and crude oil prices. The profitability of our ~~Renewable~~ **Renewables** segment depends largely on the spread between market prices for renewable diesel plus state and federal low carbon fuel incentives and renewable feedstocks, such as soybean oil. This margin is continually changing and may fluctuate significantly from time to time. Crude oil and refined and renewable products are commodities whose price levels are determined by market forces beyond our control. For example, the reversal of certain existing pipelines or the construction of certain new pipelines transporting additional crude oil or refined products to markets that serve competing refineries could affect the market dynamic that has allowed us to take advantage of favorable pricing. In addition, the volume of renewable diesel produced by our competitors is expected to increase going forward, and as the market becomes more competitive, or if there are changes in the regulations, policies, and standards affecting the demand for low- carbon fuels or our ability to obtain approved fuel pathways, our Renewables segment may experience increased volatility in product margins. A deterioration of crack spreads or price differentials between domestic and foreign crude oils or renewable diesel product margins could have a material adverse effect on our business, financial condition, results of operations and cash flows. Additionally, due to the seasonality of refined and renewable products markets and refinery maintenance schedules, results of operations for any particular quarter of a fiscal year are not necessarily indicative of results for the full year and can vary year to year in the event of unseasonably cool weather in the summer months and / or unseasonably warm weather in the winter months in the markets in which we sell our products. Commodity prices have, and in the future may, fluctuate due to adverse weather events, regulatory interventions and geo- political conditions. In general, prices for refined products are influenced by the price of crude oil and prices for renewable diesel are influenced by the price of renewable feedstocks. Although an increase or decrease in the price for crude oil or renewable feedstocks may result in a similar increase or decrease in prices for refined products or renewable diesel, there may be a time lag in the realization of the similar increase or decrease in prices for refined products or renewable diesel. The effect of changes in crude oil or renewable feedstock prices on operating results, therefore, depends in part on how quickly refined product or renewable diesel prices adjust to reflect these changes. A substantial or prolonged increase in crude oil or renewable feedstock prices without a corresponding increase in refined product or renewable diesel prices, a substantial or prolonged decrease in refined product or renewable diesel prices without a corresponding decrease in crude oil or renewable feedstock prices, or a substantial or prolonged decrease in demand for refined products or renewable diesel could have a significant negative effect on our earnings and cash flow. Also, our crude oil and refined and renewable diesel product inventories are valued at the lower of cost or market under the last- in, first- out (" LIFO ") inventory valuation methodology. If the market value of our inventory were to decline to an amount less than our LIFO cost, we would record a write- down of inventory and a non- cash charge to cost of products sold even when there is no underlying economic impact at that point in time. Continued volatility in crude oil and refined product or renewable diesel prices could result in lower of cost or market inventory charges in the future, or in reversals reducing cost of products sold in subsequent periods should prices recover. Economic slowdowns may have serious negative consequences...... when the cost inflation is incurred. Our operations are subject to catastrophic losses, operational hazards, unforeseen interruptions and other disruptive risks such as natural disasters, adverse weather, accidents, maritime disasters or casualties (including those involving marine vessels / terminals), fires, explosions, hazardous materials releases or spills (such as the release of crude oil on the Osage ~~pipeline~~ **Pipeline** in July 2022), terror or cyberattacks, vandalism, power failures, mechanical failures and other events beyond our control, and we have experienced certain of these events in the past. These events could result in an injury or loss of life, and have in the past and could in the future result in, property damage or destruction or curtailment or an interruption in our operations and may affect our ability to meet customer commitments. ~~In addition~~ **For example, historic spills along our existing pipelines and terminals as a result of past operations have resulted in contamination of the environment, including soils and groundwater. Additionally, third- party damage, mechanical malfunctions, undetected leaks in pipelines, faulty measurement or other errors may result in significant costs or lost revenues. Further**, the consequences of any operational incident (including as a result of a maritime disaster or casualty) at our marine terminal facilities may be even more significant as a result of the complexities involved in addressing releases or spills occurring in U. S. federal and / or state waters **(or in waters of other jurisdictions in which we operate)** and / or the repair of marine terminal facilities. We may not be able to maintain or obtain insurance of the type and amount we desire at commercially reasonable rates and exclusions from coverage may limit our ability to recover the amount of the full loss in all situations. As a result of market conditions, premiums and deductibles for certain of our insurance policies and insurance policies for our joint ventures are increasing. In some instances, certain insurance has become unavailable or has become available only for reduced amounts of coverage or at a significantly increased cost. There can be no assurance that insurance will cover all or any damages and losses resulting from these types of hazards. We are not fully insured against all risks to our business and therefore, we self- insure certain risks. If any of our facilities were to experience an interruption in operations, our earnings could be materially adversely affected (to the extent not recoverable through insurance) because of lost production and repair costs. The energy industry is highly capital intensive, and the entire or partial loss of individual facilities can result in significant costs to both industry companies, such as us, and their insurance carriers. In recent years, several large energy industry claims have resulted in significant increases in the level of premium costs and deductible periods for participants in the energy industry. As a result of large energy industry claims, insurance companies that have historically participated in underwriting energy- related facilities may discontinue that practice or demand significantly higher premiums or deductible periods to cover these facilities. If significant changes in the number or financial solvency of insurance underwriters for the energy industry occur, or if other adverse conditions over which we have no control prevail in the insurance market, we may be unable to obtain and maintain adequate insurance at reasonable cost. In addition, we cannot assure you that our insurers will renew our insurance coverage on acceptable terms, if at all, or that we will be able to arrange for adequate alternative coverage in the event of non- renewal. Further, our underwriters could have credit issues that affect their ability to pay claims. If a significant accident or event occurs that is self- insured or not fully insured, it could have a material adverse effect on our business, financial condition and results of operations. We utilize various ~~common carrier or other~~ third party pipeline systems to deliver our products **from our refineries** to market. The key **third party pipeline** systems utilized by the Casper, El Dorado, Navajo, Parco, Puget Sound, Woods Cross, and Tulsa Refineries are Magellan (RMPS), NuStar Energy Magellan (Mid- Con), SFPP, Pioneer, Olympic, ~~UNEV and~~ MPLX, and Magellan (Mid- Con), respectively. Our ~~U. S.~~ refineries also utilize systems owned by ~~HEP~~ **our Midstream segment**. If these key pipelines or their associated tanks and terminals become inoperative or decrease the capacity available to us **due to testing, line repair, reduced operating pressures, catastrophic events, terror or cyberattacks, vandalism or other causes**, we may not be able to sell our product, or we may be required to hold our product in inventory or supply products to our customers through an alternative pipeline or by rail or additional tanker trucks from the refinery, all of which could increase our costs and result in a decline in profitability. Additionally, our Refining, Lubricants ~~and~~ **&** ~~Specialty~~ **Specialties** ~~Products~~ and Renewables segments depend on rail **and marine** transportation for the delivery of feedstocks used in the production of our products and to deliver products to market, the availability of which is subject to various risks, including those associated with rail **or marine** strikes, equipment shortages, operating hazards and transportation regulations. If rail **or marine** transportation is disrupted, we may be unable to produce and / or deliver our products in a competitive or profitable manner and, if such disruption were to occur over an extended period of time, it could have a material adverse effect on our business, financial condition and results of operations. We have manufacturing facilities in foreign countries that support the Lubricants ~~and~~ **&** ~~Specialty~~ **Specialties** ~~Products~~ segment.

If one of our facilities is damaged or disrupted, resulting in production being halted for an extended period, we may not be able to timely supply our customers. We take steps to mitigate this risk, including business continuity and contingency planning and procuring property insurance (including resulting business interruption) and casualty insurance. Nevertheless, the loss of sales in any one region over an extended period of time could have a material adverse effect on our business, financial condition and results of operations. To maintain or increase production levels at our refineries and facilities, we must continually contract for crude oil and renewable feedstock supplies from third parties. There are a limited number of crude oil and renewable feedstock suppliers in certain geographic regions, and in such cases, we may be required to source from a single third party supplier. If we are unable to maintain or extend our existing contracts with any such crude oil or renewable feedstock suppliers, or enter into new agreements on similar terms, the supply of crude oil or renewable feedstocks could be adversely impacted, or we may incur a higher cost. A material decrease in crude oil production from the fields that supply our refineries, as a result of depressed commodity prices, decreased demand, lack of drilling activity, natural production declines, governmental regulations, including travel bans and restrictions, quarantines, shelter in place orders, and shutdowns, catastrophic events or otherwise, could result in a decline in the volume of crude oil available to our refineries. As the volume of renewable diesel produced increases, competition for renewable feedstocks may also increase and result in an increase in feedstock costs and a decrease in renewable diesel margins. In addition, any prolonged disruption of a significant pipeline that is used in supplying crude oil to our refineries or the potential operation of a new, converted or expanded crude oil pipeline that transports crude oil to other markets could result in a decline in the volume of crude oil available to our refineries. Such an event could result in an overall decline in volumes of refined products processed at our refineries and therefore a corresponding reduction in our cash flow. In addition, the future growth of our operations will depend in part upon whether we can contract for additional supplies of crude oil or renewable feedstocks at a greater rate than the rate of natural decline in our currently connected supplies. If we are unable to secure additional crude oil supplies or renewable feedstocks of sufficient quality or crude pipeline expansion to our refineries, we will be unable to take full advantage of current and future expansion of our refineries' and renewable facilities' production capacities. For certain raw materials and utilities used by our refineries and other facilities, there are a limited number of suppliers and, in some cases, we source from a single supplier and / or suppliers in economies that have experienced instability or the supplies are specific to the particular geographic region in which a facility is located. Any significant disruption in supply could affect our ability to obtain raw materials, or increase the cost of such raw materials, which could significantly reduce our production levels or have a material adverse effect on our business, financial condition and results of operations. In addition, certain raw materials that we use are subject to various regulatory laws, and a change in the ability to legally use such raw materials may impact our liquidity, financial position and results of operations. It is also common in the refining industry for a facility to have a sole, dedicated source for its utilities, such as steam, electricity, hydrogen, water and gas. Having a sole or limited number of suppliers may limit our negotiating power, particularly in the case of rising raw material costs. Any new supply agreements we enter into may not have terms as favorable as those contained in our current supply agreements. Additionally, there is growing concern over the reliability of water sources. The decreased availability or less favorable pricing for water as a result of population growth, drought or regulation could negatively impact our operations. Our Artesia RDU and Sinclair RDU are co- located with the Navajo Refinery and Parco Refinery, respectively, and their operations are dependent upon certain shared infrastructure at the co- located facilities. For example, the hydrogen plants at the Navajo Refinery and Parco Refinery support both refinery and renewable diesel operations. As a result, any disruption due to weather events, mechanical failure or other interruption that negatively impacts, or causes a shut down of, shared infrastructure at the co- located facilities could result in lost production and have a material adverse effect on earnings for both refinery and renewable diesel operations at the co- located facility. In addition, in the event equipment or raw materials at the co- located facilities are constrained, we **may not have adequate inputs to support both refinery and renewable diesel operations and have in the past made, and may in the future have to** make **,** commercial decisions that prioritize the continuing operation of one segment over the other in order to maximize earnings of our consolidated business. In addition, **from time to time,** periods of disruption in the global supply chain, including as a result of COVID- 19 **, shipping disruptions in the Red Sea, the Israel- Gaza conflict** and the Russia- Ukraine war, have caused **delays or** shortages in the equipment and parts necessary to operate our facilities and complete our capital projects. Certain suppliers have experienced, and may continue to experience, delays related to a variety of factors, including logistical delays and component shortages from vendors. We continue to monitor the situation and work closely with our suppliers to minimize disruption to our operations as a result of supply chain interruptions. If our raw material, utility, gas, hydrogen or water supplies or access to the equipment necessary to operate our facilities were disrupted, our businesses may incur increased costs to procure alternative supplies or equipment or incur excessive downtime, which would have a direct negative impact on our operations. To successfully operate our facilities, we are required to expend significant amounts for capital outlays and operating expenditures. If we are unable to complete capital projects at their expected costs or in a timely manner, or if the market conditions assumed in our project economics deteriorate, our financial condition, results of operations, or cash flows could be materially and adversely affected. Our facilities consist of many processing units, a number of which have been in operation for many years. One or more of the units may require unscheduled downtime for unanticipated maintenance or repairs that are more frequent than our scheduled turnaround for such units. Scheduled and unscheduled maintenance could reduce our revenues during the period of time that the units are not operating. We have taken significant measures to expand and upgrade units in our facilities by installing new equipment and redesigning older equipment to improve refinery capacity or to address changes in consumer preferences, such as the growing demand for renewable diesel and other lower carbon fuels. The installation and redesign of key equipment at our facilities involves significant uncertainties, including the following: our upgraded equipment may not perform at expected levels; operating costs of the upgraded equipment may be higher than expected; **and** the yield and product quality of new equipment may differ from design and / or specifications and redesign, modification or replacement of the equipment may be required to correct equipment that does not perform as expected, which could require facility shutdowns until the equipment has been redesigned or modified. Any of these risks associated with new equipment, redesigned older equipment, or repaired equipment could lead to lower revenues or higher costs or otherwise have a negative impact on our future financial condition and results of operations. For example, in the third quarter of 2020, we ceased refining operations at our Cheyenne Refinery due, in part, to uncompetitive operating and maintenance costs for the refinery. One of the ways we may grow our business is through the construction of new refinery processing units (or the purchase and refurbishment of used units from another refinery) **, pipelines and terminals** and the conversion or expansion of existing ones, such as the conversion of the Cheyenne Refinery to renewable diesel production and the connection of a new renewable diesel and a pre- treatment unit in Artesia, New Mexico. Projects are generally initiated to increase the yields of higher- value products, increase the amount of lower cost crude oils that can be processed, increase refinery production capacity, meet new governmental requirements or take advantage of new government incentive programs, or maintain the operations of our existing assets. Additionally, our growth strategy includes projects that permit access to new and / or more profitable markets, including the growing demand for renewable diesel and other lower carbon fuels. The construction process involves numerous regulatory, environmental, political, and legal uncertainties, most of which are not fully within our control, including: • third party challenges to, denials, or delays with respect to the issuance of requisite regulatory approvals and / or obtaining or renewing permits, licenses, registrations and other authorizations; • societal and political pressures and other forms of opposition; • compliance with or liability under environmental **or pipeline safety** regulations; • unplanned increases in the cost of construction materials or labor; • disruptions in transportation of modular components and / or construction materials; • severe adverse weather conditions, natural disasters, terror or cyberattacks, vandalism or other events (such as equipment malfunctions, explosions, fires or spills) affecting our facilities, or those of vendors and suppliers; • shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages; • market- related increases in a project' s debt or equity financing costs; and / or • nonperformance or force majeure by, or disputes with, vendors, suppliers, contractors, or sub- contractors involved with a project. If we are unable to complete capital projects at their expected costs or in a timely manner **,** our financial condition, results of operations, or cash flows could be materially and adversely affected. Delays in making required changes or upgrades to our facilities could subject us to fines or penalties as well as affect our ability to supply certain products we make **. Further, delays or cost increases related to capital spending programs involving construction of new pipeline facilities (or improvements and increased maintenance or repair expenditures on our existing pipeline facilities) could adversely affect our ability to achieve forecasted operating results** . In addition, our revenues may not increase immediately upon the expenditure of funds on a particular project. Moreover, we may construct facilities to capture anticipated future growth in demand for refined products or renewable diesel in a region in which such growth does not materialize. As a result, new capital investments may not achieve our expected investment return, which could adversely affect our financial condition or results of operations. In addition, we expect to execute turnarounds at ~~several~~ **a number** of our refineries in ~~2023~~ **2024** , which involve numerous risks and uncertainties, including delays and incurrence of additional and unforeseen costs. The turnarounds allow us to perform maintenance, upgrades, overhaul and repair of process equipment and materials, during which time all or a portion of the refinery will be under scheduled downtime. Our forecasted internal rates of return are also based upon our projections of future market fundamentals which are not within our control, including changes in general economic conditions, available alternative supply, global market conditions, actions by foreign nations and customer demand. Competition in the refining and marketing industry is intense, and an increase in competition in the markets in which we sell our products could adversely affect our earnings and profitability. We compete with a broad range of refining and marketing companies, including certain multinational oil companies. Because of their geographic diversity, larger and more complex refineries, integrated operations and greater resources, some of our competitors may be better able to withstand volatile market conditions, to obtain crude oil in times of shortage and to bear the economic risks inherent in all areas of the refining industry. We are not engaged in petroleum exploration and production activities and do not produce any of the crude oil feedstocks used at our refineries. We do not have a retail business and therefore are dependent upon others for outlets for our refined products. Certain of our competitors, however, obtain a portion of their feedstocks from company- owned production and have retail outlets. Competitors that have their own production or extensive retail outlets, with brand- name recognition, are at times able to offset losses from refining operations with profits from producing or retailing operations, and may be better positioned to withstand periods of depressed refining margins or feedstock shortages. In recent years there have been several refining and marketing consolidations or acquisitions between entities competing in ~~our~~ **the** ~~geographic~~ **geographies** ~~market~~ **where we operate** . These transactions could increase the future competitive pressures on us. **We** ~~The markets in which we compete~~ may be impacted by competitors' plans for expansion projects and refinery improvements that could increase the production of refined products in our areas of operation and significantly affect our profitability. Also, the potential operation of new or expanded refined product transportation pipelines, or the conversion of existing pipelines into refined product transportation pipelines, could impact the supply of refined products to ~~our existing markets~~ **the geographies we supply** and negatively affect our profitability. **We** ~~In addition, we~~ compete with other industries that provide alternative means to satisfy the energy and fuel requirements of our industrial, commercial and individual consumers. The more successful these alternatives become as a result of governmental regulations, technological advances, consumer demand, improved pricing or otherwise, the greater the impact on pricing and demand for our products and our profitability. There are presently significant governmental and consumer pressures to increase the use of alternative fuels in the United States. The market for our ~~lubricants~~ **Lubricants & Specialties** ~~and specialty products~~ segment is highly competitive and requires us to continuously develop and introduce new products and product enhancements. Our ability to grow our Lubricants ~~and~~ **&** ~~Specialty~~ **Specialties** ~~Products~~ segment depends, in part, on our ability to continuously develop, manufacture and introduce new products and product enhancements on a timely and cost- effective basis, in response to customers’ demands for higher performance process lubricants, coatings, greases and other product offerings. Our competitors may develop new products or enhancements to their products that offer performance, features and lower prices that may render our products less competitive or obsolete, and, as a consequence, we may lose business and / or significant market share. Our efforts to respond to changes in consumer demand in a timely and cost- efficient manner to drive growth could be adversely affected by unfavorable margins or difficulties or delays in product development and service innovation, including the inability to identify viable new products, successfully complete research and development, obtain regulatory approvals, obtain intellectual property protection or gain market acceptance of new products or service techniques. The development and commercialization of new products require significant expenditures over an extended period of time, and some products that we seek to develop may never become profitable, and we could be required to write- off our investments related to a new product that does not reach commercial viability. ~~As~~ **We derive a portion** of ~~February 15, 2023, REH Company owned approximately 20. 8 % of~~ our ~~common stock~~ **revenue and earnings from international operations. Our acquisitions of the Petro- Canada Lubricants and Sonneborn businesses expanded our operations and sales to over 80 countries and increased our exposure to foreign exchange risks. Any significant change in the value of the currencies of the countries in which we do business against the U. S. dollar could affect our revenue, competitiveness and cost of doing business, which could have a material adverse effect on our business, financial condition and results of operations** . In ~~connection~~ **addition, compliance** with **applicable U. S. and foreign laws and regulations, such as import and export requirements, economic or trade sanctions, anti- corruption laws, data privacy regulations and foreign exchange controls and cash repatriation restrictions, environmental laws, labor laws and anti- competition regulations, increase the cost of doing business in foreign jurisdictions. Although we have implemented policies and procedures to comply with** ~~the~~ **these** ~~have implemented policies and procedures to comply with these~~ laws and regulations,a violation by any of our employees,contractors,distributors or agents could nevertheless occur.In some cases,compliance with the laws and regulations of one country could violate the laws and regulations of another country.Violations of these laws and regulations could materially adversely affect our company ~~'~~ **'** s brand **,reputation** ,international growth efforts and business.In addition,global market risks,actions by foreign nations and other international conditions,particularly in a time of increasing **political,** economic and global instability,may have a material adverse effect on our results and operations.The consequences of such uncertainty cannot be anticipated or quantified. **Our reputation and** ~~A significant portion of~~ our ~~operating responsibility on~~ **brands,including,without limitation,our existing** Sinclair ~~Transactions~~ , **HollyFrontier Specialty Products, Petro- Canada Lubricants, Red Giant Oil and Sonneborn brands, and any brands we may acquire or establish in the future, are an important corporate asset. Factors that could have a negative impact on our reputation and our brands include, by way of example and not limitation, an operating incident or significant cybersecurity disruption; changes in consumer views concerning our products; a perception by investors or others that we are making insufficient progress with respect to our carbon emission reduction goals, or that pursuit of this ambition may result in allocation of capital to investments with reduced returns; and** ~~the~~ **other** ~~REH Company stockholders agreed~~ **adverse events such as those described in this Item 1A. Negative impacts on our reputation and our brands could in turn make it more difficult for us** to **compete successfully for new opportunities,obtain necessary regulatory approvals,obtain financing,attract talent,or could reduce consumer demand for our branded products.Our reputation may also be harmed by events which negatively affect the image of our industry as a whole.The materialization of risks discussed in this section could negatively affect our reputation and could have a material adverse effect on our earnings,cash flows and financial condition.A significant portion of our operating responsibility on refined product pipelines** is to maintain the quality and purity of the products loaded at our loading racks.If our quality control measures were to fail,we may have contaminated or off- specification commingled pipelines and storage tanks or off- specification product could be sent to public gasoline stations.The development,manufacture and sale of renewable diesel and specialty lubricant products also involves an inherent risk of exposure to potential product liability claims.These types of incidents could result in product liability claims from our customers.Our products could also be subject to false advertising claims,product recalls,workplace exposure,product seizures and related adverse publicity.Any of these incidents is a significant commercial risk.Substantial damage awards have been made in ~~certain jurisdictions against manufacturers and resellers based upon claims for injuries caused by the use of or exposure to various products.There can be no assurance that product liability claims against us would not have a material adverse effect on our business,reputation or results of operations or our ability to maintain existing customers or retain new customers.Although we maintain product and other general liability insurance,there can be no assurance that the types or levels of coverage maintained are adequate to cover~~ certain **jurisdictions against manufacturers and resellers based upon claims for injuries caused by the use of or exposure to various products. While we have received and resolved immaterial product liability claims in the past, there can be no assurance that future product liability claims against us would not have a material adverse effect on our business, reputation or results of operations or our ability to maintain existing** ~~customary~~ **customers** ~~lock up, voting~~ **or retain new customers. Although we maintain product** and ~~standstill restrictions~~ **other general liability insurance, there can be no assurance that the types or levels of coverage maintained are adequate to cover these potential risks, or that we will be able to continue to maintain existing insurance or obtain comparable insurance at a reasonable cost, if at all. The long- term impacts of terrorist attacks and the threat of future terrorist attacks and vandalism on the energy transportation industry in general, and on us in particular, are unknown. Any attack on our facilities, those of our customers or suppliers and, in some cases, those of other pipelines, could have a material adverse effect on our business. Increased security measures taken by us as a precaution against possible terrorist attacks or domestic vandalism have resulted in increased costs to our business. The U. S. government has issued public warnings that indicate that pipelines and other assets could be specific targets of terrorist organizations. These potential targets may include our pipeline systems or operating systems and might affect our ability to operate or control our pipeline assets or our operations could be disrupted. The occurrence of one of these events could cause a substantial decrease in revenues, increased costs to respond or other financial loss, damage to reputation, increased regulation or litigation and or inaccurate information reported from our operations. These**

developments may subject our operations to increased risks , as well as ~~customary registration rights. Under~~ **increased costs, and, depending on** ~~the~~ **their ultimate magnitude** ~~Stockholders Agreement (the " Stockholders Agreement ")~~ , ~~approximately 30~~ **could have a material adverse effect on our business** , ~~111, 018 shares~~ **financial condition and results** of **operations. Uncertainty surrounding continued global hostilities** ~~our~~ - **or** ~~common stock issued to the~~ **other sustained military campaigns, and the possibility** ~~REH Parties (" Restricted Shares ") remain subject to a " lock- up " period~~ that **infrastructure facilities could** ~~commenced on the closing date, with one- half of such Restricted Shares to~~ be **direct targets** ~~released from such restrictions on the first anniversary~~ of ~~the closing date~~ , **or indirect casualties of,** ~~and~~ - **an act** ~~the remainder to be released from such restrictions on the date that is 15 months from the closing date. Subject to release from the lock- up provisions and the filing~~ of **terror** ~~a resale registration statement or satisfaction of the requirements of Rule 144~~ , ~~REH Company and its stockholders may seek to sell their shares of common stock. These sales (or the perception that sales may occur)~~ may affect ~~the~~ **our operations in unpredictable ways, including disruptions of crude oil supplies and** ~~market~~ **markets** for **refined products. In addition** , ~~and the market~~ **disruption or significant increases in energy prices could result in government- imposed** price **controls. Any one** of, ~~our~~ - **or** ~~common stock~~ **a combination of, these occurrences could have a material adverse effect on our business, financial condition and results of operations. Changes** in **the insurance** markets attributable to terrorist attacks,vandalism,or cyberattacks or extortion could make certain types of insurance more difficult for us to obtain.Moreover,the insurance that may be available to us may be significantly more expensive than our existing insurance coverage.Instability in the financial markets as a result of terrorism,cyberattacks,vandalism or war could also affect our ability to raise capital including our ability to repay or refinance debt.Our future performance depends to a significant degree upon the continued contributions of our Board of Directors,our senior management team and key technical personnel.We do not currently maintain key person life insurance ~~,non- compete agreements~~ ,or employment agreements with respect to any member of our senior management team.The loss or unavailability to us of any member of our senior management team or a key technical employee could significantly harm us.We face competition for these professionals from our competitors,our customers and other companies operating in our industry.To the extent that the services of members of our senior management team and key technical personnel would be unavailable to us for any reason,we may be required to hire other personnel to manage and operate our company.We may not be able to locate or employ such qualified personnel on acceptable terms,or at all.Furthermore,our operations require skilled and experienced laborers with proficiency in multiple tasks.A shortage of trained workers due to retirements,an increase in labor costs as a result of inflation or **otherwise could have** an adverse **impact on productivity and costs and our ability** ~~manner. Additionally, pursuant to the Stockholders Agreement, the REH Parties are entitled to nominate (i) two~~ - **to** ~~persons to our Board of Directors~~ **expand production in the event there is an increase in the demand** for ~~so long as the REH Parties beneficially own common stock constituting not less than 15 % of all outstanding common stock and (ii) one person to our Board of Directors for so long as the REH Parties beneficially own less than 15 % but more than or~~ **our products** ~~equal to 5 % of all outstanding common stock. As a result, REH Company (~~ and **services** ~~the REH Parties) has the ability to influence our management and affairs. Further~~ , the existence of a new significant stockholder...... strategy involves numerous risks, any of which could adversely affect ~~the event there is an increase in the demand for our products and services,which could adversely affect~~ our operations.We depend on unionized labor for the operation of many of our facilities.As of December 31, ~~2022~~ **2023** ,approximately ~~26~~ **31** % of our employees were represented by **a** labor ~~unions~~ - **union or works council** under collective bargaining **or labor** agreements with various expiration dates.In addition,employees who are not currently represented by **a** labor ~~unions~~ - **union or works council** may seek ~~union~~ representation in the future.We may not be able to renegotiate our collective bargaining **or labor** agreements when they expire on satisfactory terms or at all.If we are unable to renegotiate our collective bargaining **or labor** agreements when they expire,any work stoppages or other labor disturbances at these facilities could have an adverse effect on our business,impact our ability to pay dividends to our stockholders and **make** payments ~~of~~ **on** our debt obligations,and increase our costs.In addition,our existing labor agreements may not prevent a strike or work stoppage or other adverse employee relations event at any of our facilities in the future,and any work stoppage could negatively affect our results of operations and financial condition.The ~~COVID- 19 pandemic or any other~~ widespread outbreak of an illness or pandemic or other public health crisis,and actions taken in response thereto, ~~have had and~~ may ~~continue to~~ have a material adverse effect on our operations,business,financial condition and results of operations and cash flows. **The spread of an illness or pandemic across the globe,like the** COVID- 19 **pandemic,** ~~' s spread across the globe~~ and **any** governmental actions in response thereto ~~have~~ **could** negatively ~~affected~~ -- **affect** worldwide economic and commercial activity,significantly ~~impacted~~ -- **impact** global demand for oil,gas and refined products,and ~~created~~ - **create** significant volatility and disruption of financial and commodity markets.The ~~spread~~ **widespread outbreaks of illness or pandemics could cause** us **to modify our business practices from time to time as needed (including limiting employee and contractor presence at our work locations, restricting travel unless approved by senior leadership, quarantining employees when necessary and reducing utilization at our refineries), and could significantly disrupt our operations and ability to perform critical functions in the future** . **The effects of such pandemics are difficult to predict and the duration of any potential business disruption or the extent to which such illnesses may negatively affect our operating results is** ~~Certain~~ **uncertain** ~~acquisitions~~ **. The effects of an illness or pandemic** , such as ~~the Sinclair Transactions~~ **COVID- 19** , ~~require~~ **volatility in global oil markets as well as the potential for a recession** , **while uncertain, have** and may continue to ~~require~~ , **materially adversely affect** ~~management to devote significant attention and resources to integrating the acquired businesses with~~ our business **, financial condition, results of operations and / or cash flows, as well as our ability to pay dividends to our stockholders** . An additional component of our growth strategy is to selectively acquire complementary assets or businesses for our **existing assets and businesses in order to increase earnings and cash flow. Recent acquisitions include our acquisition of all of the remaining outstanding HEP common units, the Sinclair** refining ~~operations~~ , **renewables, midstream** ~~such as the Sinclair Transactions~~ and ~~our acquisition of~~ **marketing assets and** the Puget Sound Refinery ~~, in order to increase earnings and cash flow~~ . Our ability to do so will be dependent upon a number of factors, including our ability to identify attractive acquisition candidates, consummate acquisitions on favorable terms, successfully integrate acquired assets and obtain financing to fund acquisitions and to support our growth, and other factors beyond our control. Risks associated with acquisitions include those relating to: • diversion of significant management time and attention from our existing business; • challenges in managing the increased scope, geographic diversity and complexity of operations and inefficiencies that may result therefrom; • difficulties in integrating the financial, technological and management standards, processes, procedures and controls of an acquired business with those of our existing operations; • the inability to integrate multiple acquisitions simultaneously or within a short timeframe of each other ~~, including the Sinclair Transactions and the acquisition of the Puget Sound Refinery~~ ; • difficulties integrating personnel from the acquired business while maintaining focus on providing consistent, high- quality products and services or the loss of key employees; • difficulties integrating relationships with customers, vendors and business partners; • liability for known or unknown environmental conditions or other contingent liabilities not covered by indemnification or insurance or potential unknown and unforeseen expenses, delays or regulatory conditions associated with such acquisitions; • greater than anticipated expenditures required for compliance with environmental or other regulatory standards or for investments to improve operating results; • difficulties or delays in achieving anticipated operational improvements or benefits or inaccurate assumptions about future synergies or revenues; • incurrence of additional indebtedness to finance acquisitions or capital expenditures relating to acquired assets; ~~and~~ • issuance of additional equity, which could result in further dilution of the ownership interest of existing stockholders **; • disruption of, or the loss of momentum in, ongoing business or inconsistencies in standards, controls, procedures and policies; • incurrence of substantial, nonrecurring transaction- related expenses; and • potential securities class action and derivative lawsuits, which could result in substantial costs** . Any acquisitions that we do consummate may have adverse effects on our business and operating results. Delays or difficulties in the integration process could adversely affect our business, financial results, financial condition and stock price. Even if we are able to integrate our business operations successfully, there can be no assurance that this integration will result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that we currently expect or have communicated from this integration or that these benefits will be achieved within the anticipated time frame. **Certain** ~~Our reputation and our brands, including, without limitation, our existing Sinclair, HollyFrontier Specialty Products, Petro- Canada Lubricants, Red Giant Oil and Sonneborn brands, and any brands we may acquire or establish in the future, are an important corporate asset. Factors that could have a negative impact on our reputation and our brands include an operating incident or significant cybersecurity disruption; changes in consumer views concerning our products; a perception by investors or others that we are making insufficient progress with respect to our carbon emission reduction goals, or that pursuit~~ of this ambition may result in allocation of......, are unknown. Any attack on our facilities ~~or those of our customers or suppliers could have a material adverse effect on our business. Increased security measures taken by us as a precaution against possible terrorist attacks or domestic vandalism have resulted in increased costs to our business. Uncertainty surrounding continued global hostilities or other sustained military campaigns~~ , and the possibility that infrastructure facilities could...... of our operating responsibility on refined product pipelines is to maintain the quality and purity......, 2022. Certain of our facilities and other assets are located on or adjacent to Native American tribal lands. Various federal agencies, along with each Native American tribe, promulgate and enforce regulations, including environmental standards, regarding operations on Native American tribal lands. In addition, each Native American tribe is a sovereign nation having the right to enforce laws and regulations (including various taxes, fees, and other requirements and conditions) and to grant approvals independent from federal, state and local statutes and regulations. In 2020, the Supreme Court ruled in McGirt v. Oklahoma that the Muscogee (Creek) Nation reservation in Eastern Oklahoma has not been disestablished, and therefore retains jurisdiction over criminal matters, and a subsequent ruling in July 2022 in Oklahoma v. Castro- Huerta ~~narrowing~~ **narrowed** McGirt' s holding to find concurrent tribal and state jurisdiction with respect to crimes committed by non- Native Americans against Native Americans on tribal lands, **creating** substantial uncertainty ~~exists~~ with respect to matters ~~of~~ **over** which tribes may have exclusive or concurrent jurisdiction. Although the ruling in McGirt indicates that it is limited to criminal law, the ruling has significant potential implications for civil law. At this time, we cannot predict how these jurisdictional issues may ultimately be resolved. Furthermore, our operations may be disrupted by restrictions on our access to railways and waterways on or adjacent to tribal lands, including, for example, through restrictions on the number of trains permitted to cross certain reservations. These factors may increase our cost of doing business on Native American tribal lands. **We do not own all of the land on which our pipeline systems and other assets are located, and we are, therefore, subject to the risk of increased costs or more burdensome terms to maintain necessary land use. We obtain the right to construct and operate pipelines and other assets on land owned by third parties and government agencies for specified periods. If we were to lose these rights through an inability to renew leases, right- of- way contracts or similar agreements, we may be required to relocate our pipelines or other assets and our business could be adversely affected. Additionally, it may become more expensive for us to obtain new rights- of- way or leases or to renew existing rights- of- way or leases. If the cost of obtaining or renewing such agreements increases, it may adversely affect our operations and cash flows. The adoption or amendment of laws and regulations that limit or eliminate a state' s ability to exercise eminent domain over private property in a state in which we operate could make it more difficult or costly for us to secure rights- of- way for future pipeline construction and other projects.** In addition, our industry is subject to potentially disruptive activities by those concerned with the possible environmental impacts of crude oil and refined products. Activists, non- governmental organizations and others may seek to restrict our operations or the transportation of crude oil and refined products by exerting social or political pressure. This interference could have a material adverse effect on our business, financial condition and results of operations Economic slowdowns may have serious negative consequences for our business and operating results ~~,~~ because our performance is subject to domestic economic conditions and their impact on levels of consumer spending.Some of the factors affecting consumer spending include general economic conditions,unemployment,consumer debt,inflation,reductions in net worth based on declines in equity markets and residential real estate values,adverse developments in mortgage markets,taxation,energy prices,interest rates,consumer confidence and other macroeconomic factors.Political instability and global health crises,such as the COVID- 19 pandemic,can also impact the global economy and decrease worldwide demand for oil and refined products.Increased volatility in the global oil markets,including the prices our customers or our joint ventures' customers pay for crude oil and other raw materials,has,and may continue to,materially adversely affect our business,financial condition,results of operations and / or cash flows.Adverse developments in the global economy or in regional economies could also negatively impact our customers and suppliers,and therefore have a negative impact on our business or financial condition.In the event of adverse developments or stagnation in the economy or financial markets,our customers and suppliers may experience deterioration of their businesses,reduced demand for their products,cash flow shortages and difficulty obtaining financing.As a result,existing or potential customers might delay or cancel plans to use our services and may not be able to fulfill their obligations to us in a timely fashion.Further,suppliers may experience similar conditions,which could impact their ability to fulfill their obligations to us.Moreover,a financial market crisis may have a material adverse impact on financial institutions and limit access to capital and credit.This could,among other things,make it more difficult for us to obtain (or increase our cost of obtaining) capital and financing for our operations.Our access to additional capital may not be available on terms acceptable to us or at all.Inflation has the potential to adversely affect our liquidity,business,financial condition and results of operations by increasing our overall cost structure,particularly if we are unable to achieve commensurate increases in the prices we charge our customers.Current and future inflationary pressures may be driven by,among other things,supply chain disruptions and governmental stimulus or fiscal policies.Continuing increases in inflation could affect the U.S.economy generally,the overall demand for our products and services,our costs for labor,material and services and our operating margins,all of which could have an adverse effect on our business,financial position,results of operations and cash flows.As a result of inflation,we have experienced and may continue to experience,cost increases.Although we may take measures to mitigate the impact of this inflation,if these measures are not effective our business,financial condition,results of operations and liquidity could be materially adversely affected.Even if such measures are effective,there could be a difference between the timing of when these beneficial actions impact our results of operations and when the cost inflation is incurred **.** An impairment of our goodwill or long- lived assets could reduce our earnings or negatively impact our results of operations and financial condition. We continually monitor our business, the business environment and the performance of our operations to determine if an event has occurred that indicates that a goodwill or long- lived asset may be impaired. If a triggering event occurs, which is a determination that involves judgment, we may be required to utilize cash flow projections to assess our ability to recover the carrying value based on the ability to generate future cash flows. We may also conduct impairment testing based on both the guideline public company and guideline transaction methods. Our goodwill and long- lived assets impairment analyses are sensitive to changes in key assumptions used in our analysis, estimates of future crack spreads, forecasted production levels, operating costs and capital expenditures. If the assumptions used in our analysis are not realized, it is possible a material impairment charge may need to be recorded in the future. We cannot accurately predict the amount and timing of any additional impairments of goodwill or long- lived assets in the future. As market prices for refined products and market prices for crude oil continue to fluctuate, we will need to continue to evaluate the carrying value of our refinery reporting units. During the year ended December 31, 2020, we recorded long- lived asset impairment charges of $ 232. 2 million that related to our Cheyenne Refinery, $ 26. 5 million for construction- in- progress consisting primarily of engineering work for potential upgrades to certain processing units at our Tulsa and El Dorado Refineries and $ 204. 7 million related to PCLI. Also, during the year ended December 31, 2020, we recorded a goodwill impairment charge of $ 81. 9 million that related to Sonneborn. Although no impairment charges ~~were~~ **have been** taken ~~in~~ **since** ~~2021~~ **2020** ~~or 2022~~ , a reasonable expectation exists that a deterioration in our operating results or overall economic conditions could result in an impairment of goodwill and / or additional long- lived asset impairments at some point in the future. Future impairment charges could be material to our results of operations and financial condition. A large portion of our lubricants and ~~specialty~~ **specialties** product sales, both in domestic and international markets, occur through distributors. As a result, we are dependent on these distributors to promote and create demand for our products. We cannot assure you that we will be successful in maintaining and strengthening our relationships with our distributors or establishing relationships with new distributors who have the ability to market, sell and support our products effectively. We may rely on one or more key distributors for a product or a region, and the loss of these distributors could reduce our revenue. The sales, business practices and reputation of our distributors may affect our business and our reputation. The consolidation of distributors, loss of a relationship with a distributor, significant disagreement with a distributor, or significant deterioration in the financial condition of a distributor could also have an adverse effect on our operating results and may also result in increased competition in the applicable jurisdiction. The market price of our common stock may fluctuate significantly, and the value of a stockholder' s investment could be impacted. The market price of our common stock may be influenced by many factors, some of which are beyond our control, including: • our quarterly or annual earnings or those of other companies in our industry; • changes in accounting standards, policies, guidance, interpretations or principles; • general economic, industry global and stock market conditions; • the failure of securities analysts to cover our common stock or changes in financial estimates by analysts; • future sales of our common stock; • announcements by us or our competitors of significant contracts or acquisitions; • sales of common stock by us, our senior officers, our affiliates or REH Company; and / or • the other factors described in these Risk Factors, specifically, the Risk Factor titled " REH Company became a significant holder of our common stock following the completion of the Sinclair Transactions. " In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The price of our common stock could fluctuate based upon factors that have little or nothing to do with our company, and these fluctuations could materially reduce our stock price. ~~Parties) has the ability to influence our management and affairs.Further,~~ the existence of a **new** significant stockholder may have the effect of deterring hostile takeovers,delaying or preventing changes in control or changes in management,or limiting the ability of our other stockholders to approve transactions that they may deem to be in the best interests of our company.So long as REH Company continues to control a significant amount of our common stock,it will continue to be able to influence all matters requiring stockholder approval,subject to the voting agreements of the REH Parties set forth in the Stockholders Agreement.Moreover,this concentration of stock ownership may also adversely affect the trading price of our common stock to the extent investors perceive a disadvantage in owning stock of a company with **a significant stockholder.Our acquisition strategy involves numerous risks,any of** RISKS RELATED TO GOVERNMENT REGULATION Regulation affects almost every part of our business. For instance, we are subject to laws and regulations related to working conditions, health and safety, equal employment opportunity, employee benefit and other labor and employment matters, and competition and antitrust matters. Our ~~assets~~ **facilities, pipelines,** and **other** operations are subject to regulation and oversight by ~~foreign~~ **international** , federal, state **, provincial** and local regulatory authorities, including the FERC, Commodities Futures Trading Commission, EPA, **PHMSA, OSHA** ~~Occupational Safety and Health Administration~~ , the SEC and the United States Department of Justice **, and similar authorities in Canada and the Netherlands** , each of which may impose significant civil and criminal penalties to enforce compliance with its requirements. Any such regulatory violations could have a material adverse effect on our financial operating results including earnings, cash flow and liquidity. Further, our financial results may be materially affected by the adoption of new or amended financial accounting standards, and regulatory or outside auditor guidance or interpretations. New laws, policies, regulations, rulemaking and oversight, unexpected policy changes or interpretations of existing laws or regulations as well as changes to those currently in effect, could adversely impact our earnings, cash flows and operations. Legislative changes, as well as regulatory actions taken by these agencies, have the potential to adversely affect our profitability. Furthermore, we could incur additional costs to comply with such statutes, rules, regulations and orders. Should we fail to comply with any applicable statutes, rules, regulations, and orders of regulatory authorities, we could be subject to substantial penalties and fines **and withdrawal or denial of permits to operate** . Operations of our facilities, pipelines and distribution operations are subject to international, federal, state, provincial and local laws and regulations regarding, among other things, the ~~generation~~ **manufacture** , storage, handling, use, transportation and distribution of petroleum and hazardous substances by pipeline, truck, rail, ship and barge, the emission and discharge of materials into the environment, waste management, and characteristics and composition of gasoline and diesel fuels, and other matters otherwise relating to the protection of human health and the environment, including climate change. Permits or other authorizations are required under these laws and regulations for the operation of our facilities, pipelines and ~~related~~ **other** operations, and these permits and authorizations are subject to revocation, modification and renewal or may require operational changes, which may involve significant costs. A violation of permit conditions or a failure to comply with applicable laws and regulations may result in the assessment of sanctions, including administrative, civil and criminal penalties; the imposition of investigatory, remedial or corrective action obligations and the incurrence of capital expenditures; the occurrence of delays in the permitting or the denial of permits, development or expansion of projects; the issuance of injunctive relief limiting or prohibiting certain operations; and reputational harm. There is also the potential for liability for spill response and remediation, natural resource damage claims, and personal and property damage claims in the event of an oil or other refined product spill at a facility located near federal ~~or~~ **,** state **or provincial** waters or a release of hazardous or other substances into the environment. Changes in laws or regulations could require major modifications of our operations, including expensive upgrades to our existing pollution control equipment, which could have a material adverse effect on our business, financial condition, or results of operations. For example, implementation of the revised NAAQS for ozone could result in stricter permitting requirements, a delay in or inability to obtain required permits, and increased expenditures for pollution control equipment, the costs of which could be significant. Also, an EPA rule became effective in January 2018 that requires, among other things, benzene monitoring at refinery fence lines and submittal of fence line monitoring data to the EPA on a quarterly basis; upgraded storage tank controls requirements, including new applicability thresholds; enhanced performance requirements for flares, continuous monitoring of flares and pressure release devices, and analysis and remedy of flare release events; compliance with emissions standards for delayed coking units; and requirements related to air emissions resulting from startup, shutdown and maintenance events. These rules, as well as subsequent rulemaking under the CAA or similar laws, or new agency interpretations of existing laws and regulations, may necessitate additional expenditures in future years and result in increased costs on our operations. **For example, in 2022, the EPA proposed an amendment to the risk management program rules that would, among other provisions, require refineries with HF Alkylation process (including three of our refineries) to perform a “ safer technology and alternatives analysis ” as part of the process hazard analysis to consider and document the practicality of inherently safer technologies and other risk management measures. If finalized, the analysis of our HF Alkylation processes under such a rule may lead to capital expenditures in future years or otherwise constrain our operations.** Updated or new determinations under the Endangered Species Act and comparable ~~Canadian~~ **international** , federal ~~and~~ **,** state **, provincial and local** laws **and regulations** could also impact our operations or those of our suppliers. Our operations and those of our suppliers could also be impacted by new or revised federal restrictions or laws pertaining to oil and gas operations on federal lands, which could include pauses on leasing, enhanced environmental reviews, and emissions regulations. Compliance with new international and domestic environmental laws, regulations and interpretations will continue to have an adverse impact on our operations, results of our operations and capital requirements. As is the case with all companies engaged in industries similar to ours, we face potential exposure to future claims and lawsuits involving environmental matters. The matters include, but are not limited to, soil, groundwater and water discharges and contamination, air pollution, accident prevention and personal injury and property damage allegedly caused by substances which we processed, manufactured, handled, used, **transported, stored,** released or disposed and climate change. We are **,** and have been **,** the subject of various local, state, provincial, federal, international and private proceedings relating to environmental regulations, conditions and inquiries. Instances of noncompliance with environmental regulations could require additional expenditures, including expenditures for investigation and remediation, which could be significant. Our operations are also subject to various international and domestic laws and regulations relating to ~~occupational~~ health and safety, including **,** for **example,** chemical accident prevention. We maintain safety, training and maintenance programs as part of our ongoing efforts to comply with applicable laws and regulations but cannot guarantee that these efforts will always be successful. Compliance with applicable health and safety laws and regulations has required and continues to require substantial expenditures. Failure to appropriately manage ~~occupational~~ health and safety risks associated with our business could also adversely impact our employees, communities, stakeholders, reputation and results of operations. The costs of environmental **, health** and safety regulations are already significant and compliance with more stringent laws or regulations or adverse changes in the interpretation of existing regulations by government agencies or courts could have an adverse effect on the financial position and the results of our operations and could require substantial expenditures for the installation and operation of systems and equipment that we do not currently possess. We are also subject to existing, and may in the future be subject to new or changing, domestic and international energy policy legislation. For example, in the United States, the Energy Independence and Security Act mandates annually increasing levels for the use of renewable fuels such as ethanol and increasing energy efficiency goals, among other steps. Dutch policy also aims to increase the share of renewable energy used in transportation and reduce **GHG** ~~greenhouse gas~~ emissions from transportation fuels. In Canada, fuel content legislation exists at the federal and provincial level. These statutory mandates may have the impact over time of offsetting projected increases in the demand for refined petroleum products, particularly gasoline, in certain markets. In the near term, the increasing **RFS** ~~renewable fuel standard~~ obligations, as discussed in our Risk Factor titled " Compliance with, or developments with respect to, renewable and low carbon fuel blending programs, and other regulations, policies and standards impacting the demand for low- carbon fuels could have an adverse effect on our financial condition and results of operations " below, present ethanol production and logistics challenges for both the ethanol and refining industries and may require additional capital expenditures or expenses by us to accommodate increased ethanol use. Other legislative changes may similarly alter the expected demand and supply projections for refined petroleum products in ways that cannot be predicted. For additional information on regulations and related liabilities or potential liabilities affecting our business, see " Regulation " under Items 1 and 2, " Business and Properties, " and Item 3, " Legal Proceedings. " **We are regulated under federal pipeline safety statutes by DOT through PHMSA. PHMSA sets and enforces pipeline safety regulations. Failure to comply with PHMSA or comparable state pipeline safety regulations could result in a number of consequences which may have a materially adverse effect on our operations. PHMSA' s enforcement authority includes the ability to assess civil penalties for violations of pipeline safety regulations, issue orders directing compliance, and issue orders directing corrective action to abate hazardous conditions. Among other things, pipeline safety laws and regulations require pipeline operators to develop integrity management programs, including more frequent inspections and other measures for pipelines located in " high consequence areas, " which are areas where a release could have the most significant adverse consequences, including certain population areas, certain drinking water sources and unusually sensitive ecological areas. These regulations require operators of covered pipelines to perform a variety of heightened assessments, analysis, prevention, mitigation and repair activities on the segments of pipe located within high consequence areas. Routine assessments under the integrity management program may result in findings that require repairs or other actions. Moreover, changes to pipeline safety laws by Congress and regulations by PHMSA or states that result in more stringent or costly pipeline integrity management or safety standards could possibly have a substantial effect on us and similarly situated midstream operators. Congress is currently considering potential amendments to the Pipeline Safety Act, as it does approximately every four years. Should amendments be introduced and later become law, this could affect our operations and result in additional compliance, maintenance and other obligations. Additionally, PHMSA adopted new regulations related to Valve Installation and Minimum Rupture Detection Standards, which became effective on October 5, 2022. These regulations expand PHMSA' s regulation of the safety of hazardous liquid pipelines by establishing certain new procedural and notification requirements for managing rupture events and requiring the installation of rupture- mitigation valves on new or certain replaced pipelines. This final rule may result in additional capital and operations and maintenance costs in the coming years. Furthermore, where PHMSA has not issued any legal requirements, state agencies, to the extent authorized, could enact regulatory standards for certain pipelines. We perform preventive and normal maintenance on all of our pipeline and terminal systems and make repairs and replacements when necessary or appropriate. We also conduct routine and required inspections of our pipelines and other assets as required by regulations. Corrosion inhibitors, external coatings and impressed current cathodic protection systems are used to protect against internal and external corrosion. We regularly monitor, test and record the effectiveness of these corrosion- control systems. We monitor the structural integrity of covered segments of our pipeline systems through a program of periodic internal inspections using electronic " smart pigs, " hydrostatic testing, and other measures. We follow these inspections with a review of the data, and we make repairs as necessary to maintain the integrity of the pipeline. We have initiated a risk- based approach to prioritizing the pipeline segments for future smart pig runs or other appropriate integrity testing methods. This approach is intended to allow the pipelines that have the greatest risk potential to receive the highest priority in being scheduled for inspections or pressure tests for integrity. Nonetheless, the adoption of new or amended regulations or the reinterpretation of existing laws and regulations by PHMSA or states that result in more stringent or costly pipeline integrity management or safety standards could possibly have a substantial effect on us and similarly situated midstream operators.** Climate change continues to attract considerable attention in the United States, Canada, Europe, and other regions. Numerous proposals have been made and could continue to be made at the international, national, regional and state levels of government to monitor and limit existing emissions of ~~greenhouse gases, or "~~ GHGs ~~"~~, to limit or eliminate future emissions, and to require or incentivize the use of lower carbon or renewable alternatives **, including through accounting and risk disclosures** . As a result, our operations, and those of our customers, are subject to a series of regulatory, political, litigation, and financial risks associated with the refining **, transportation** and ~~the~~ use of petroleum products and emission of GHGs. The EPA has adopted rules that, among other things, establish construction and operating permit reviews for GHG emissions from certain large stationary sources, require the monitoring and annual reporting of GHG emissions from certain petroleum and natural gas sources in the United States or require control or reduction of emissions of GHGs, including methane, from such sources. In 2021, President Biden issued several executive orders that committed to substantial action on climate change, released ~~the~~ " The Long- Term Strategy of the United States: Pathways to Net- Zero Greenhouse Gas Emissions by 2050 ~~,~~" **,** which established a roadmap to net zero emissions in the United States by 2050 and called for, among other things, improving energy efficiency, decarbonizing energy sources, the increased use of zero- emission vehicles by the federal government, the elimination of subsidies provided to the fossil fuel industry, and increased emphasis on climate- related risks across governmental agencies and economic sectors. In ~~2021~~ **2023** ~~and 2022~~ , the EPA ~~announced proposals~~ **finalized a rule** to further reduce ~~GHG~~ **GHGs and other** emissions primarily from oil production and natural gas production, transmission and storage that ~~, if finalized,~~ could increase the cost of domestic crude oil and natural gas **. The EPA also proposed rules in 2023 to regulate GHG emissions from power plants that could increase the cost of electricity use by our facilities** . President Biden also reinstated the Interagency Working Group on the Social Cost of Greenhouse Gases in 2021 and directed the group to publish interim estimates of the social cost of GHGs, which it did. In November 2022, the EPA published a draft report assigning new and higher social cost values to GHG emissions for use in its rulemaking initiatives **. In September 2023, the Biden Administration directed federal agencies to begin considering the social cost of GHG emissions in procurement processes and environmental reviews under the National Environmental Policy Act** . Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as GHG cap and trade programs, carbon taxes, reporting and tracking programs, restriction of emissions, electric vehicle mandates and combustion engine phaseouts. See **also** " Compliance with, or developments with respect to, renewable and low carbon fuel blending programs, and other regulations, policies, and standards impacting the demand for low carbon fuels could have an adverse effect on our financial condition and results of operations " below for more information on how these programs may impact us. In March 2022, the SEC issued proposed rules that, if adopted, would require public companies to include certain climate- related disclosures in their registration statements and periodic reports, including information about climate- related risks, climate- related financial statement metrics, and greenhouse gas emissions. In November 2022, the Biden Administration issued a proposed rule that would require government contractors to publicly disclose their greenhouse gas emissions and set emissions reduction targets, which could affect us if we enter into contractual and business arrangements with government contractors. **At the state level, in October 2023, the Governor of California signed the Climate Corporate Data Accountability Act (" CCDAA ") and Climate- Related Financial Risk Act (" CRFRA ") into law. The CCDAA requires both public and private U. S. companies that are " doing business in California " and that have a total annual revenue of $ 1 billion to publicly disclose and verify, on an annual basis, Scope 1, 2, and 3 GHG emissions. The CRFRA requires the disclosure of a climate- related financial risk report (in line with the Task Force on the Climate- Related Financial Disclosures recommendations or equivalent disclosure requirements under the International Sustainability Standards Board' s climate- related disclosure standards) every other year for public and private companies " doing business in California " with a total annual revenue of $ 500 million. Reporting under both laws would begin in 2026. Non- compliance with these new laws may result in the imposition of substantial fines or penalties. Additionally, other states are considering similar laws. Any new laws or regulations imposing more stringent requirements on our business related to the disclosure of climate- related risks may result in (i) reputational harms among certain stakeholders if they disapprove of our reported GHG emissions data or disagree with our approach to mitigating climate- related risks, (ii) increased compliance costs resulting from the development of any such disclosures, and (iii) increased costs of and restrictions on access to capital to the extent that we do not meet any climate- related expectations or requirements of financial institutions. Additionally, similar climate reporting legislation is being considered in other states, and if any such new laws come into effect, may pose similar risks and costs to our business.** Similar regulations exist at the provincial and federal levels in Canada, including a nation- wide GHG pricing initiative and regulations related to the control of GHGs from ~~automobiles and light duty trucks~~ **vehicles as well as industrial facilities** and either cap and trade programs or carbon taxes at both federal and provincial levels. Canada' s 2030 Emissions Reduction Plan issued pursuant to the Canadian Net- Zero Emissions Accountability Act, includes a projected contribution from the oil and gas sector of emissions reductions to 31 % below 2005 levels in 2030 (or to 42 % below 2019 levels) with an ultimate goal of achieving net zero emissions by 2050. At this time, the applicability to, and impact on, if any, our Canadian operations is not clear. The Netherlands also participates in European legal initiatives, including GHG cap and trade programs. Furthermore, the Climate Act has come into effect with the goal of significantly reducing GHG emissions by ~~49~~ **55** % (compared to 1990) by 2030 and to be climate neutral by 2050. The Climate Act also establishes that the government must prepare a Climate Plan. This plan contains, among others, the principles by which the Dutch government intends to achieve the goals set out in the Climate Act. At the international level, the United Nations- sponsored " Paris Agreement " requires member nations to limit their GHG emissions through nationally- determined reduction goals reevaluated every five years after 2020. The United States initially joined and then withdrew from such agreement in 2020. The United States rejoined the Paris Agreement in 2021 and issued its corresponding ~~" nationally determined contribution " ("~~ NDC ~~")~~ to reduce economy- wide net GHG emissions to 50- 52 % below 2005 levels by 2030. While the NDC does not identify specific actions necessary to achieve these reductions, it lists several sectors as pathways for reductions, including the power, transportation, building, industrial, and agricultural sectors. The administration has acknowledged that a combination of regulatory actions and legislation will be necessary to achieve the U. S. NDC. **European Union ("** EU **")** member states have agreed to reduce **GHG** emissions ~~by at least 40 % by 2030, and~~ by at least 55 % reduction ~~in GHG emissions~~ by 2030. They have also agreed to be climate neutral and climate sustainable by 2050 **(net zero)** . Moreover, following the United States' reentry into Paris Agreement, the United States, the **EU** ~~European Union~~ and other partner countries have announced further pledges and agreements at several United Nations Climate Change Conference of Parties, including a pledge to reduce global methane emissions by 30 % from 2020 to 2030 and a commitment to develop international standards for monitoring and reporting on methane emissions. **Most recently, at the 28th Conference of the Parties (COP28), participants agreed to transition " away from fossil fuels in energy systems in a just, orderly, and equitable manner " and increase renewable energy capacity so as to achieve net zero by 2050, although no timeline for doing so was set. Such international pledges and treaties may cause signatory nations to increase regulations, taxes or restrictions, or subsidize competitive industries, which could have a detrimental impact on our industry in general and our business in particular.** The adoption of legislation or regulatory programs to reduce emissions of GHGs could require us to incur increased operating costs, such as costs to purchase and operate emissions control systems **and electricity** , to acquire emissions allowances or comply with new regulatory or reporting **and disclosure** requirements or otherwise result in decreased demand for the petroleum products we refine and produce. For example, in November 2021, the United States enacted a nearly $ 1 trillion bipartisan infrastructure law, which provided significant funding for electric vehicles and clean energy technologies, and in August 2022 the United States enacted the Inflation Reduction Act of 2022, which allocated $ 369 billion to climate change and environmental initiatives, including transportation electrification, fees on and greater regulation of methane emissions, and financial incentives for low or zero- carbon forms of energy, products, or processes, which could result in changes in consumer preferences or otherwise increase competition within our industry. In addition, several states have also taken steps to incentivize the production of electric vehicles or otherwise limit the sale of gasoline or diesel- powered vehicles. These and any future legislation or regulatory programs could increase the cost of consuming or otherwise reduce demand for, the refined petroleum products that we produce **and transport** . Additionally, political, litigation and financial risks may result in curtailed refinery activity, increased liability, or other adverse effects on our business, financial condition and results of operations. There are also increasing risks of litigation related to climate change effects. Governments and third- parties have brought suit against some fossil fuel companies alleging, among other things, that such companies created public and private nuisances by producing fuels that contributed to climate change, such as rising sea levels, and therefore are responsible for **resulting** roadway and infrastructure damages ~~as a result~~ , or alleging that the companies have been aware of the adverse effects of climate change for some time but defrauded their investors or customers by failing to adequately disclose those impacts. In 2022, ~~for example,~~ the EPA announced an **ongoing** enforcement initiative targeting GHG compliance. In the Netherlands, The Hague District Court has ordered Royal Dutch Shell (" RDS ") to reduce the CO2 emissions of the RDS group by net 45 % by 2030, compared to 2019 levels, through the RDS group ~~'~~ **'** s corporate policy. Although this judgment is still subject to appeal **(which is expected to be heard by the Courts of Appeal in the spring of 2024)** , other environmental organizations may bring similar cases against other parties. **In Canada, in March 2023, Greenpeace filed a complaint with the Competition Bureau of Canada alleging that Pathways Alliance, a coalition of six of Canada' s largest oil sand producers, made false and misleading claims that they are actively reducing emissions and helping Canada achieve its climate targets. The remedies being sought include a fine in the amount of the greater of CAN 10 million or 3 % of worldwide gross revenues.** While we are not party to such suits at this time, we may become subject to ~~such~~ **similar** litigation in the future. Such cases could also adversely impact public perception and the demand for fossil fuels and petroleum products, which could subsequently result in decreased demand for our services and refined products and a drop in our stock price. In addition, increasing societal expectations for companies to address environmental issues, including climate change, and increased consumer use of substitutes to energy commodities may result in increased costs, reduced demand for our products and our services, reduced profits, increased investigations and litigation, and negative impacts on our stock price and costs of and access to capital markets. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed on us without regard to our causation of or contribution to the asserted damage, or to other mitigating factors. Furthermore, our stock price could be adversely impacted if existing shareholders, including institutional investors, elect in the future to shift some or all of their investments into renewable energy or non- energy related sectors ~~based on social and environmental considerations~~ . Additionally, there is the possibility that financial institutions may be pressured or required to adopt policies that limit funding for fossil fuel energy companies. The Glasgow Financial Alliance for Net Zero (" GFANZ ") ~~recently~~ announced commitments from over 550 firms around the world, resulting in over $ 130 trillion in capital committed to net zero goals. The various sub-alliances of GFANZ generally require participants to set short- term, sector- specific targets to transition their financing, investing, and / or underwriting activities to net zero emissions by 2050. More recently, in ~~January~~ **October** 2023, the Federal Reserve ~~published~~ **, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp. released a finalized set of principles guiding financial** ~~instructions~~ - **institutions with $ 100 billion** ~~for~~ - **or** ~~its first~~ **more in assets on the management of physical and transition risks associated with** climate **change** ~~scenario exercise, which the six largest American banks are required to complete by July 31, 2023~~ . Moreover, institutional lenders have been lobbied intensively, and often publicly, by environmental activists **, advocates of international climate change treaties and agreements** , proponents of the international Paris Agreement, and foreign citizenry concerned about climate change not to provide funding for fossil fuel energy companies. Accordingly, limitation of investments in and financings for fossil fuel energy companies **or subsidies or other governmental support for competitive technologies or industries** could result in the **direct or indirect** restriction, delay or cancellation of drilling programs or development or production activities, could result in a reduction of available capital funding for potential development projects and could also adversely affect demand for our services and refined petroleum products, all of which could adversely impact our future financial results. In recent years the investment community, including investment advisors, sovereign wealth funds, pension funds, universities, financial institutions, including institutional banks, lenders, and insurance companies, and other groups have become more attentive to ESG and sustainability related practices and have been lobbied intensively, and often publicly, by environmental activists concerned about climate change to limit or curtail activities with fossil fuel energy companies. There has also been an increase in third- party providers of company ESG ratings, and more ESG- focused voting policies among proxy advisory firms, portfolio managers, and institutional investors. As a result, some investors, funds, financial institutions and other capital markets participants may screen companies such as ours for ESG performance before investing in our common stock or debt securities, or lending to us or have imposed restrictions upon or otherwise limited lending to, investing in, or providing insurance coverage for, companies that operate in industries with higher perceived environmental exposure, such as the energy industry. If we are unable to meet the ESG standards or investment, lending, ratings, or voting criteria and policies set by these parties, we may lose investors, investors may allocate a portion of their capital away from us, we may become a target for ESG- focused activism, we may face increased costs of or limitations on access to capital or insurance necessary to sustain or grow our business, the price of our common stock or debt securities may be adversely impacted, demand for our services and refined petroleum products may be adversely impacted, and our reputation may be adversely affected, all of which could adversely impact our future financial results. **Furthermore, there has recently been backlash from certain governments and investors against ESG funds and investment practices, which has resulted in increased scrutiny and withdrawals from such funds. Such backlash has also resulted in " anti- ESG " focused activism and investment funds. If we are unable to meet the often conflicting ESG standards or investment, lending, ratings, or voting criteria and policies set by these parties, we may lose investors, investors may allocate a portion of their capital away from us, we may face increased ESG- or anti- ESG- focused activism, our cost of capital may increase, and our reputation may also be negatively affected. In recent years,** ~~Members~~ **members** of the investment community ~~are~~ **have** also ~~increasing~~ **increased** their focus on ESG practices and disclosures, including those related to climate change, GHG emissions targets, business resilience under the assumptions of demand- constrained scenarios, and net- zero ambitions in the energy industry in particular, as well as diversity, ~~equality~~ -- **equity** , and inclusion initiatives, political activities, and governance standards among companies more generally. As a result, we may face increasing pressure or negative publicity regarding our ESG practices and disclosures and demands for ESG- focused engagement from investors, stakeholders, and other interested parties. This could result in higher costs, disruption and diversion of management attention, an increased strain on our resources, and the implementation of certain ESG practices or disclosures that may present a heightened level of legal and regulatory risk, or that threaten our credibility with other investors and stakeholders. ~~Scientists~~ **Investors, stakeholders and other interested parties are also increasingly focusing on issues related to environmental justice. This may result in increased scrutiny, protests, and negative publicity with respect to our business and operations, and those of our counterparties, which could in turn result in the cancellation or delay of projects, the revocation or delay of permits, termination of contracts, lawsuits, regulatory action, and policy change that may adversely affect our business strategy, increase our costs, adversely affect our reputation and financial performance, and impact our ability to attract and retain employees. Furthermore, public statements with respect to ESG matters, such as emissions reduction goals or progress, other environmental targets or other commitments addressing certain social issues, are becoming increasingly subject to heightened scrutiny from public and governmental authorities related to the risk of potential " greenwashing, " i. e., misleading information or false claims overstating potential ESG benefits. For example, in March 2021, the SEC established the Climate and ESG Task Force in the Division of Enforcement to identify and address potential ESG- related misconduct, including greenwashing. Certain non- governmental organizations and other private actors** have ~~noted~~ **also filed lawsuits under various securities and consumer protection laws alleging** that ~~changes in the environment~~ **certain ESG- statements, goals or standards were misleading, false or otherwise deceptive. As a result, we** may ~~produce~~ **face increased litigation risks from private parties and regulatory enforcement from governmental authorities related to our ESG efforts. Additionally, we could face increasing costs as we attempt to comply with and navigate further regulatory focus and scrutiny. Furthermore, we could be criticized by various anti- ESG stakeholders for the scope of our** climate ~~changes that have significant effects on~~ **or ESG- related goals or policies, our strategic choices regarding ESG matters as** ~~the~~ **they** ~~weather. These events, including but not limited to drought, winter storms, wildfire, tornados, extreme temperatures, extreme precipitation or flooding,~~ may **impact** ~~become more intense or~~ **our** ~~more frequent as a result of climate change and could have an adverse effect on our continued~~ operations **now or in the future, or for any revisions to the same,** as well as **initiatives we** ~~the operations of our suppliers and customers. Additionally, changing meteorological conditions, particularly temperature,~~ may **pursue** ~~result in changes to demand for~~ - **or any public statements we** ~~our products. Our customers or suppliers~~ may ~~also~~ **make. We could be subjected to negative responses by governmental actors (such as anti- ESG legislation or retaliatory legislative or administrative treatment) or consumers (such as boycotts or negative publicity campaigns), which could adversely affect our reputation, business, financial performance, market access and growth. For financial years beginning on or after January 1, 2024, certain undertakings that are incorporated in the EU (including EU- incorporated subsidiaries of non- EU incorporated parent entities) will** be subject to **ESG reporting requirements under the EU' s CSRD, which requires in- scope companies to disclose extensive sustainability information, including disclosing risks and opportunities arising from environmental and social matters, and the impact of their business on people and the environment. Reporting requirements under CSRD will be implemented in stages from financial years beginning in 2024 through 2028 for different categories of companies, and certain of our subsidiaries are expected to have to begin reporting from 2026 onward for financial years beginning on January 1, 2025. Ultimate parent companies that are not incorporated in the EU, such as HF Sinclair, may be required to report under CSRD from 2029 onward for financial years beginning on or after January 1, 2028. CSRD and** similar **laws and regulations could result in increased compliance costs and affect the results of our operations and financial position. Such laws and similar regulations could also increase our litigation** risks **or** ~~, any of which~~ may **increase risks related to**

~~adversely impact our business, financial condition, or~~ **our** ~~operations~~ **reputation or goodwill as we cannot predict how additional reporting under these laws may be perceived or interpreted by our customers and stakeholders** . As described under ~~"~~ Items 1 and 2. **"** Business and Properties – Additional Operations and Other Information – Governmental Regulation ~~–~~ ~~Low Carbon Fuel Regulations~~ , " many international, federal, state, provincial and local governments have issued, or are considering issuing, low carbon fuel regulations, policies, and standards to help reduce GHG emissions and increase the percentage of low- carbon fuels in the transportation fuel mix. Pursuant to the 2007 Energy Independence and Security Act, the EPA promulgated the RFS regulations reflecting the increased volume of renewable fuels mandated to be blended into the nation' s fuel supply. The regulations, in part, require refiners to add annually increasing amounts of " renewable fuels " to their petroleum products or purchase credits, known as RINs, in lieu of such blending. We currently purchase RINs for some fuel categories on the open market in order to comply with the quantity of renewable fuels we are required to blend under the RFS regulations. Since the EPA first began mandating biofuels in excess of the " blend wall " (the 10 % ethanol limit prescribed by most automobile warranties), the price of RINs has been extremely volatile. While we cannot predict the future prices of RINs, the costs to obtain the necessary number of RINs could be material. If we are unable to pass the costs of compliance with the RFS regulations on to our customers, if sufficient RINs are unavailable for purchase, if we have to pay a significantly higher price for RINs or if we are otherwise unable to meet the RFS mandates, our financial condition and results of operations could be adversely affected. In the past, we have received small refinery exemptions under the RFS program for certain of our refineries. However, there is no assurance that such an exemption will be obtained for any of our refineries in future years. For example, the EPA has recently denied all pending small refinery exemption petitions on the belief that small refineries are able to pass through compliance costs to customers. Based on this new approach to evaluating exemption petitions, the EPA has indicated that it is unlikely to grant such exemptions in future years. The failure to obtain such exemptions for certain of our refineries could result in the need to purchase more RINs than we currently have estimated and accrued for in our consolidated financial statements. In addition, the RFS regulations are highly complex and evolving, requiring us to periodically update our compliance systems. In ~~December~~ **July** ~~2022~~ **2023** , the EPA published ~~proposed~~ RFS regulations that ~~would~~ establish annual RVOs and percentage standards for 2023 through 2025 for cellulosic biofuel, biomass- based diesel, advanced biofuel, and total renewable fuel ~~, and requested comment on establishing standards for 2026~~ . **The** ~~Although these regulations are not final, the proposed~~ biofuel blending percentages **increase in each of the three years and** are higher than previous years. **Higher** ~~Once the EPA finalizes the proposed RVOs, our~~ blending percentages **may increase the cost of compliance because the** ~~could be higher or lower than amounts estimated and accrued for in our consolidated financial statements. The~~ future cost of RINs is difficult to estimate ~~until such time as the EPA finalizes the applicable standards for the proposed compliance years, which is currently scheduled in June 2023~~ . Moreover, in addition to increased price volatility in the RINs market, there have been multiple instances of RINs fraud occurring in the marketplace over the past several years. The EPA has initiated several enforcement actions against refiners who purchase fraudulent RINs, resulting in substantial costs to the refiner. We cannot predict with certainty our exposure to increased RINs costs in the future, nor can we predict the extent by which costs associated with RFS regulations will impact our future results of operations. We strategically market our low- carbon fuels based on regional policies, feedstock preferences, CI scores, and our ability to obtain fuel pathways. A significant portion of our low- carbon fuels are sold in California and Canada. We are exposed to the volatility in the market price of **LCFS** ~~Low Carbon Fuel Standard Program~~ **program** credits. We cannot predict the future prices of **LCFS** ~~Low Carbon Fuel Standard Program~~ **program** credits. Prices for **LCFS** ~~Low Carbon Fuel Standard Program~~ **program** credits are dependent upon a variety of factors, including, as applicable, changes in regulations, the availability of **LCFS** ~~Low Carbon Fuel Standard Program~~ **program** credits for purchase, transportation fuel production levels, which can vary significantly each quarter, approved CI pathways, and CI scores. If an insufficient number of **LCFS** ~~Low Carbon Fuel Standard Program~~ **program** credits are available for purchase, if we have to pay significantly higher prices for them, or if we are otherwise unable to meet other obligations under the **LCFS** ~~Low Carbon Fuel Standards Programs~~ **programs** , our business, financial condition, results of operations, and liquidity could be adversely affected. In addition to state **LCFS** ~~low carbon fuels standards~~ (e. g., California LCFS, Oregon CFP and Washington CFS), and certain carbon cap and trade programs (e. g., **Washington CAA and** Oregon CPP, **which, we note, is in current legal limbo due to a recent court decision purportedly striking down the CPP rules –** and ~~Washington CCA~~ **OEDQ' s recent notice that it intends to re- adopt the CPP rules under a projected 12- month administrative rulemaking process**), we ~~operate~~ **do business** in multiple jurisdictions that have issued, or are considering issuing, similar low- carbon fuel regulations, policies, and standards. The **LCFS** ~~low- carbon fuel standards~~ , carbon cap and trade programs and similar U. S. state and international low carbon fuel regulations, policies, and standards are extremely complex, often have different or conflicting requirements or methodologies, and are frequently evolving, requiring us to periodically update our systems and controls to maintain compliance, which could require significant expenditures, and presents an increased risk of administrative error. Our Refining segment could be materially and adversely affected if (i) we are unable to comply with these programs in the states where we sell our petroleum products or we incur a significant cost to comply or (ii) we are unable to continue to sell our products in markets where we currently sell our products. While these regulations, policies and standards may materially and adversely impact our Refining segment, they do create opportunity for our Renewables segment. As a result, our Renewables segment could be materially and adversely affected if (i) these regulations, policies, and standards are adversely changed, not enforced, or discontinued, (ii) the benefits therefrom are reduced (such as the blender' s tax credit and other incentives), (iii) any of the products we produce are deemed not to qualify for compliance therewith, or (iv) we are unable to satisfy or maintain any approved pathways. Such changes could also negatively impact the economic assumptions and projections with respect to many of our Renewables segment investments and could have a material adverse impact on the returns achieved from those investments. The EPA and the National Highway Traffic Safety Administration (" NHTSA ") are required to promulgate requirements regarding the Corporate Average Fuel Economy (" CAFE ") of the nation' s passenger fleet. The EPA and NHTSA previously adopted such standards, which ~~standards~~ were ~~subsequently~~ **most recently** revised in ~~April~~ 2022 to impose more stringent requirements for emissions reductions. **Additionally, the agencies proposed regulations in August and December 2023 to make certain of those requirements more stringent for future model year vehicles.** These rulemakings will likely be subject to challenge by a variety of parties seeking even stricter GHG and CAFE standards **to increase fuel economy** . ~~Additionally~~ **Furthermore** , ~~several~~ **California adopted Advanced Clean Cars I and Advanced Clean Cars II (" ACC II ") in 2012 and 2022, respectively, which are intended to scale down the use of internal combustion engines and instead require an increased number of zero emission vehicles. ACC II mandates that, by 2035, all new passenger cars, trucks and SUVs sold in California will be zero emission vehicles. Although** states **besides California are not permitted to develop their own emissions standards, Section 177 of the Clean Air Act authorizes other states to choose to adopt California' s standards in lieu of federal requirements. Several states, including, for example, New Mexico and Colorado,** are seeking to **adopt the California standards and** promote zero emission vehicles ~~, such as electric vehicles,~~ and ~~to~~ mandate **the** transition away from internal combustion engines. ~~In the Climate Agreement, EU countries expressed the ambition to achieve completely emission- free road traffic by 2050. In June 2022, the EU Parliament supported a proposal by the EU Commission that will only allow zero emission vehicles to be brought into the EU market as of 2035.~~ Any further increases in fuel economy standards, along with mandated increases in use of renewable fuels discussed above, as well as electric vehicle mandates or **internal** combustion engine bans, could result in decreasing demand for petroleum **- based transportation** fuels. Decreasing demand for petroleum **- based transportation** fuels could have a material adverse effect on our financial condition and results of operation **. State regulation of petroleum product markets and reporting requirements could adversely impact our business, costs of operation, and financial results. In recent years, high gasoline prices have raised questions about the operation of petroleum product markets and company profits. As a result, we may become subject to state regulation of petroleum product markets and reporting requirements relating to the petroleum industry. For example, California recently enacted legislation (SB 1322 and SBx 1- 2), which greatly expanded reporting requirements for the petroleum industry and authorized the California Energy Commission to establish a maximum gross gasoline refining margin, impose financial penalties for profits exceeding the established maximum margin, and regulate refinery turnaround and maintenance activities that may affect fuel supply and pricing. Although we are not subject to these California statutes, other states could adopt similar regulations or reporting requirements. For example, the Washington legislature recently introduced HB 2232, which although it was not ultimately adopted, proposed to establish extensive petroleum industry reporting requirements (including the reporting of supply, pricing and profit information) and create a new division within the Washington Utilities and Transportation Commission charged with providing independent oversight and analysis of petroleum fuel markets. If HB 2232 or similar legislation is enacted, it could result in increased compliance costs and affect the results of our operations and financial position. Such laws and similar regulations could also increase our litigation risks or may increase risks related to our reputation or goodwill as we cannot predict how additional reporting under this law may be perceived or interpreted by our customers and stakeholders. Scientists have noted that changes occurring in the environment may produce changes to the climate, which have significant effects on the weather. These events, including, but not limited to, drought, winter storms, wildfire, tornados, extreme temperatures, extreme precipitation or flooding, may become more intense or more frequent as a result of climate change and could have an adverse effect on our continued operations as well as the operations of our suppliers and customers. Additionally, changing meteorological conditions, particularly temperature, may result in changes to demand for our products. Our suppliers or customers may also be subject to similar risks, any of which may adversely impact our business, financial condition, or operations** . We are subject to extensive tax liabilities, including federal and state income taxes and transactional taxes such as excise, sales and use, payroll, franchise, withholding and property taxes. In addition, many tax liabilities are subject to periodic audits by taxing authorities, and such audits could subject us to interest and penalties. New tax laws and regulations and changes in existing tax laws and regulations could result in increased expenditures by us for tax liabilities in the future and could materially and adversely impact our financial condition, results of operations and cash flows. Additionally, U. S. federal tax law provides various tax credits to producers of qualifying renewable fuels. These tax credits have the effect of making the production of qualifying renewable fuels more competitive by offsetting a portion of the production costs or by supplementing a portion of the revenue, but may be repealed by governmental action at any time. Alternatively, the types of renewable fuels to which these tax credits apply, as well as the applicable value, duration, and requirements, may be modified or amended by governmental action in a form where the types of fuel mixtures we produce are not eligible for the tax credits or are eligible for relatively less benefits than we anticipated. As a result, a loss of, or reduction in, U. S. federal tax credits for producers of qualifying renewable fuels could increase our production costs or decrease our revenues which, in turn, could adversely impact the financial condition, results of operations and cash flows of our renewables business. RISKS RELATED TO CYBERSECURITY, DATA SECURITY AND PRIVACY, INFORMATION TECHNOLOGY AND INTELLECTUAL PROPERTY Our business is dependent upon increasingly complex information technology systems and other digital technologies for controlling our plants and pipelines, processing transactions and summarizing and reporting results of operations. The secure collection, processing, maintenance, storage, and transmission of information is critical to our operations. We are at risk for interruptions, outages and breaches of operational systems, including business, financial, accounting, product development, data processing or manufacturing processes, owned by us or our third- party vendors or suppliers; or third- party data that we process or our third- party partners process on our behalf. Such cyber incidents could materially disrupt or shut down operational systems; result in loss of, unauthorized access to, or copying or transfer of intellectual property assets, trade secrets or other proprietary or competitively sensitive information; compromise certain information of customers, employees, suppliers or others; and jeopardize the security of our facilities. We **and vendors on our behalf** monitor our information technology systems on a 24 / 7 basis in an effort to detect cyberattacks, security breaches or unauthorized access. Preventative and detective measures we utilize include independent cybersecurity audits and penetration tests. We implemented these efforts along with other risk mitigation procedures designed to detect and address unauthorized and damaging activity on our network, stay abreast of the increasing cybersecurity threat landscape and improve our cybersecurity posture, but there is no guarantee that such measures will be adequate to detect, prevent or mitigate cyber incidents. Any implementation, maintenance, segregation and improvement of our systems may require significant management time, support and cost and may not be effective or adequate. **Such costs may include making organizational changes, deploying additional personnel and protection technologies, training employees, and engaging third- party experts and consultants. These efforts may come at the potential cost of revenues and human resources that could be utilized to continue to enhance our product offerings, and such increased costs and diversion of resources may adversely affect operating margins.** A cyber incident could be caused by disasters, insiders (through inadvertence or with malicious intent) or malicious third parties (including nation- states or nation- state supported actors) using sophisticated, targeted methods to circumvent firewalls, encryption and other security defenses, including hacking, fraud, trickery or other forms of deception that are generally beyond our control despite our implementation of protective measures. **Emerging artificial intelligence technologies may improve or expand the capabilities of malicious third parties in a way we cannot predict at this time, including being used to develop new hacking tools, exploit vulnerabilities, obscure malicious activities, and increase the difficulty of detecting threats. Strategic targets, such as energy- related assets, may be at greater risk of future attacks from hackers, nation- sponsored groups or other nefarious actors than other targets in the United States, especially during times of war with nations with a history of funding cyberattacks.** While there have been immaterial incidents of unauthorized access to our information technology systems, we have not experienced any material impact on our business or operations from these attacks **; however, there is no assurance that other such incidents have not already occurred and we are unaware of it, and that we will not suffer such a loss in the future** . In addition, information technology system failures, communications network disruptions, and security breaches could still impact equipment and software used to control plants and pipelines, resulting in improper operation of our assets or delays in the delivery or availability of our customers' products, contamination or degradation of the products we transport, store or distribute, or releases of hydrocarbon products and other damage to our facilities for which we could be held liable. These information technology system failures, communications network disruptions, and security breaches could also cause us to breach our contractual arrangements with other parties, subject us to regulatory actions or litigation and harm our brand and business relationships **as well as our financial condition** . Furthermore, we collect and store sensitive data in the ordinary course of our business, including personally identifiable information of our employees as well as our proprietary business information and that of our customers, suppliers, **contractors,** investors and other stakeholders **. Additionally, new laws and regulations governing cybersecurity, data privacy and unauthorized disclosure of confidential information, including international comprehensive data privacy regulations and recent U. S. state legislation in Texas and Utah, among others, pose increasingly complex compliance challenges and could potentially elevate our costs over time** . We also work with third- party partners that may in the course of their business relationship with us collect, store, process and transmit such data on our behalf and in connection with our products and services offerings. Despite our ~~security~~ **cybersecurity** measures, our or our third- party partners' information technology systems may become the target of cyberattacks or security breaches (including employee error, malfeasance or other intentional or unintentional breaches) which are generally beyond our control, which could result in the theft or loss of the stored information, misappropriation of assets, disruption of transactions and reporting functions, **harm** our ability to protect customer or company information and **impact** our financial reporting. Our efforts to improve security and protect data may result in increased **distraction to management and** capital and operating costs to modify, upgrade or enhance our security measures **that are designed** to protect against such **cyberattacks** ~~cyber- attacks~~ and we may face difficulties in fully anticipating or implementing adequate security measures or mitigating potential harm. Moreover, as technologies evolve and cyberattacks become increasingly sophisticated, we may not be able to anticipate, detect or prevent cyberattacks or security breaches, particularly because the methodologies used by attackers change frequently or may not be recognized until after such attack is launched, and because attackers are increasingly using technologies specifically designed to circumvent cybersecurity measures and avoid detection. Even with insurance coverage for cyberattacks, data breaches or unauthorized access of our or a third- party partner' s information technology systems, a claim could be denied or coverage delayed. Moreover, it is increasingly difficult to buy sufficient cyber insurance coverages as the insurance market has been limiting both liability under cyber policies and the issuance of said policies, generally. A cyberattack or security breach could result in liability under data privacy laws, regulatory penalties, damage to our reputation or a loss of confidence in our products and services, or additional costs for remediation and modification or enhancement of our information systems to prevent future occurrences, all of which could have a material and adverse effect on our business, financial condition or results of operations. We depend on the efficient and uninterrupted operation of third- party hardware and software systems and infrastructure, including our operating, communications and financial reporting systems. These systems are critical in meeting customer expectations, effectively tracking, maintaining and operating our equipment, directing and compensating our employees, and interfacing with our financial reporting system. We have implemented safeguards and other preventative measures designed to protect our systems and **confidential and proprietary** data, including sophisticated network security and internal control measures; however, our information technology systems and communications network, and those of our information technology and communication service providers, remain vulnerable to interruption by natural disasters, power loss, telecommunications failure, terrorist attacks, ~~Internet~~ **internet** failures, computer malware, ransomware, cyberattacks, data breaches and other events unforeseen or generally beyond our control. Additionally, the implementation of social distancing measures and other limitations on our employees, service providers and other third parties in response to the COVID- 19 pandemic have necessitated in certain cases to switching to remote work arrangements on less secure systems and environments. The increase in companies and individuals working remotely has increased the risk of cyberattacks and potential cybersecurity incidents, both deliberate attacks and unintentional events. Any of these events could cause system interruptions, delays, and loss of critical data, and could prevent us from developing or manufacturing products or providing services **on a timely basis** , which could make our business and services less attractive and subject us to liability. Any of these events could damage our reputation and be expensive to remedy. Our business is subject to complex and evolving global laws, regulations and security standards regarding data privacy, cybersecurity and data protection (" data protection obligations "). Many of these data protection obligations are subject to change and uncertain interpretation, and any real or perceived failure to comply with such obligations could result in claims, increased cost of operations, or other harm to our business. The constantly evolving global regulatory and legislative environment surrounding data privacy and protection poses increasingly complex compliance challenges, and complying with such data protection obligations could increase the costs and complexity of compliance and enforcement risks. These laws also are not uniform, as certain laws may be more stringent or broader in scope, or offer greater individual rights, with respect to sensitive and personal information, and such laws may differ from each other, which may complicate compliance efforts. ~~While we do not~~ **We, and our third- party service providers,** collect **some** ~~significant amounts of~~ personal information from consumers, **including credit card data, and** we ~~do~~ have personal information from our employees, job applicants and some business partners, such as **customers,** contractors and distributors. Any failure, whether real or perceived, by us to comply with applicable data protection obligations could result in proceedings or actions against us by governmental entities or others, subject us to significant fines, penalties, judgments, and negative publicity, require us to change our business practices, increase the costs and complexity of compliance, and adversely affect our business. Our compliance with **current** laws such as the General Data Protection Regulation ~~,~~ and other similar **current and upcoming** data privacy / security laws, as well as any associated inquiries or investigations or any other government actions related to these laws, may increase our operating costs or subject us to legal and reputational risks, including significant fines, civil or criminal penalties or judgments, proceedings or litigation by governmental agencies or customers, class action privacy litigation in certain jurisdictions and negative publicity. **Our pipeline operations are subject to the Department of Homeland Security' s (" DHS ") Transportation Security Administration (" TSA ") security directives. These directives require us to comply with mandatory reporting measures, including, among other things, to appoint personnel, report confirmed and potential cybersecurity incidents to the DHS Cybersecurity and Infrastructure Security Agency (" CISA ") and provide vulnerability assessments. As legislation continues to develop and cyber incidents continue to evolve, we may be required to expend significant additional resources to respond to cyberattacks, to continue to modify or enhance our protective measures, or to detect, assess, investigate and remediate any security vulnerabilities and report any cyber incidents to the applicable regulatory authorities. Any failure to maintain compliance with these evolving government regulations may result in enforcement actions which may then result in significant time, support and cost and have a material adverse effect on our business and operations.** We develop and use intellectual property in the ordinary course of our business, including trademarks, trade secrets, copyrighted work and innovations, some of which ~~is~~ **are** material to our business. We take measures designed to identify and protect our intellectual property through practices appropriate for securing and protecting exclusive rights in and to our intellectual property, including applying for registrations in the United States and in various foreign jurisdictions. Despite our efforts to protect such intellectual property, it is possible that competitors or other unauthorized third parties may illegally obtain, copy, use or disclose our trademarks (or other marks likely to cause confusion among our consumers), technologies, products and processes or seek court declarations that they do not infringe, misappropriate, dilute, or otherwise violate our intellectual property. In addition, the laws and / or judicial systems and enforcement mechanisms of foreign jurisdictions in which we create, market and sell our products may afford little or no effective protection of our intellectual property. We may also be subject to infringement, misappropriation, dilution, or other violation complaints from others challenging our use of a **valid** technology or intellectual property right. We cannot guarantee that our efforts to enforce our intellectual property rights against unauthorized use and appropriation, or our efforts to defend against third party claims of infringement would be successful. These potential risks to our intellectual property and any failure to adequately maintain, enforce and protect our intellectual property could subject us to increased competition and potentially result in the loss of our competitive advantage, **key technology and** resources, and customer trust, and negatively impact our brand. These risks could also lead to a decrease in our revenue which would negatively impact our business, prospects, liquidity, financial position and results of operations. We obtain rights and licenses to certain intellectual property, including technologies, data, content and software from third parties, that are important to our business, and in the future we may enter into additional agreements that provide us with rights or licenses to valuable intellectual property or technology. If a licensor alleges that we failed to comply with any of the obligations under our license agreements, we may be required to pay damages, enter costly litigation, and the licensor may have the right to terminate part of or all of the license. Termination by the licensor would cause us to lose valuable rights that may be difficult to acquire elsewhere, and could prevent us from **using,** selling, marketing, manufacturing, importing or producing our products and services, or inhibit our ability to commercialize future products and services. Our business could suffer if any current or future licenses are limited or terminated, if the licensors fail to abide by the terms of the license, if the licensed intellectual property rights are found to be invalid or unenforceable, if the licensed technology is found to infringe, misappropriate, dilute, or otherwise violate the rights of a third party, or if we are unable to enter into necessary licenses on acceptable terms or at all. Moreover, our licensors may own or control intellectual property that has not been licensed to us and, as a result, we may be subject to claims, regardless of their merit, that we are infringing, misappropriating, diluting, or otherwise violating the licensor' s or another party' s rights. In the future, we may identify additional third- party intellectual property that we believe is useful or necessary to engage in our business. However, such licenses may not be available on acceptable terms or at all. The licensing or acquisition of third- party intellectual property rights is a competitive area, and several companies may pursue strategies to license or acquire third- party intellectual property rights that we may consider attractive or necessary. In addition, companies that perceive us to be a competitor may be unwilling to assign or license rights to us. Even if such licenses are available, we may be required to pay the licensor substantial **license fees or** royalties based on sales of our products and services. Such **fees and** royalties are a component of the cost of our products ~~or~~ **and** services and may affect the attractiveness of and the margins on our products and services. In addition, such licenses may be non- exclusive, which could give our competitors access to the same intellectual property licensed to us **, and sometimes at a cheaper cost** . Any of the foregoing could have a material adverse effect on our competitive position, business, financial condition, results of operations and on our ability to prevent others from interfering with **our goodwill and** commercialization of our products and services. RISKS RELATED TO LIQUIDITY, FINANCIAL INSTRUMENTS AND CREDIT An unfavorable credit profile,or a significant increase in the price of crude oil,could affect the way crude oil suppliers view our ability to make payments and induce them to shorten the payment terms of their invoices with us or require credit enhancement.Due to the large dollar amounts and volume of our crude oil and other feedstock purchases,any imposition by our suppliers of more burdensome payment terms or credit enhancement requirements on us may have a material adverse effect on our liquidity and our ability to make payments to our suppliers.This in turn could cause us to be unable to operate our refineries at desired capacity.A failure to operate our refineries at desired capacity could adversely affect our profitability and cash flow. The domestic and global financial markets and economic conditions are disrupted and volatile from time to time due to a variety of factors, including low consumer confidence, high unemployment, geoeconomic and geopolitical issues, weak economic conditions and uncertainty in the financial services sector. In addition, the fixed- income markets have experienced periods of extreme volatility, which negatively impacted market liquidity conditions. As a result, the cost of raising money in the debt and equity capital markets has increased substantially at times while the availability of funds from these markets diminished significantly. In particular, as a result of concerns about the stability of financial markets generally and the solvency of lending counterparties specifically, the cost of obtaining money from the credit markets may increase as many lenders and institutional investors increase interest rates, enact tighter lending standards, refuse to refinance existing debt on similar terms or at all and reduce, or in some cases cease to provide, funding to borrowers. **We use both fixed and variable rate debt, and we are exposed to market risk due to the floating interest rates on our credit facilities.** In addition, lending counterparties under any existing revolving credit facility and other debt instruments may be unwilling or unable to meet their funding obligations, or we may experience a decrease in our capacity to issue debt or obtain commercial credit or a deterioration in our credit profile, including a rating agency lowering or withdrawing ~~of~~ our credit ratings if, in its judgment, the circumstances warrant. Due to these factors, we cannot be certain that new debt or equity financing will be available on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due or we may be required to sell assets. Moreover, without adequate funding, we may be unable to execute our growth strategy, complete future acquisitions or construction projects, take advantage of other business opportunities or respond to competitive pressures, comply with regulatory requirements, or meet our short- term or long- term working capital requirements, any of which could have a material adverse effect on our revenues and results of operations. Failure to comply with regulatory requirements in a timely manner or meet our short- term or long- term working capital requirements could subject us to regulatory action. We are subject to risks of loss resulting from nonpayment or nonperformance by our customers. We derive a significant portion of our revenues from contracts with key customers. Additionally, certain key customers of **our** ~~the recently- acquired~~ Puget Sound Refinery contribute significantly to the cash flows and profitability of that facility. Any default or delay in payment by, or disputes with, those customers **, such delays or disputes which have occurred in the past and may occur in the future,** could have an adverse impact on our financial results. If any of our key customers default on their obligations to us, our financial results could be adversely affected. Furthermore, some of our customers may be highly leveraged and subject to their own operating and regulatory risks. For example, in a low commodity price environment, certain of our customers have been or could be negatively impacted, causing them significant economic stress and resulting in an increase in nonpayment and / or nonperformance by them. Any such default or delay in payment by our customers could negatively affect our operating results in the periods in which they occur, and, if significant, could materially or adversely affect our business, financial condition, results of operations, and cash flows. In addition, nonperformance by vendors who have committed to provide us with products or services could result in higher costs or interfere with our ability to successfully conduct our business. Any substantial increase in the nonpayment and / or nonperformance by our customers or vendors could have a material adverse effect on our results of operations and cash flows. An unfavorable credit profile, or a...... affect our profitability and cash flow. The operating and financial restrictions and covenants in our **credit facility, HEP' s** credit facility and any future financing agreements could adversely affect our ability to finance future operations or capital needs or to engage, expand or pursue our business activities. For example, **each of** our **revolving credit facility and HEP' s** revolving credit facility imposes usual and customary requirements for this type of credit facility, including: **(A) for us and HEP,** (i) limitations on liens and indebtedness ~~;~~ **,** (ii) a prohibition on changes in control **,** and (iii) restrictions on engaging in mergers and consolidations **, and (B) for HEP, (i) limitations on asset sales, (ii) limitations on investments, and (iii) limitations on restricted payments, including certain debt prepayments** . If we fail to satisfy the covenants set forth in the credit ~~facility~~ **facilities** or another event of default occurs under the credit ~~facility~~ **facilities** , the maturity of the ~~loan~~ **loans** could be accelerated or we could be prohibited from borrowing for our future working capital needs and issuing letters of credit. We might not have, or be able to obtain, sufficient funds to make these immediate payments. If we desire to undertake a transaction that is prohibited by the covenants in our credit facility **or HEP' s credit facility, as applicable** , we will need to obtain consent under our credit facility **or HEP' s credit facility, as applicable** . Such refinancing may not be possible or may not be available on commercially acceptable terms **. Our leverage may adversely affect our ability to fund future working capital, capital expenditures and other corporate purposes, future acquisitions, construction or development activities, or to otherwise realize fully the value of our assets and opportunities because of the need to dedicate a significant portion of our cash flow from operations to payments on our indebtedness or to comply with any restrictive terms of our indebtedness. Our leverage**

also may make our results of operations more susceptible to adverse economic and industry conditions by limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and may place us at a competitive disadvantage as compared to our competitors that have less debt . We periodically enter into derivative transactions as it relates to inventory levels and / or future production to manage the risks from changes in the prices of crude oil, refined products and other feedstocks. These transactions limit our potential gains if commodity prices move above or below the certain price levels established by our hedging instruments. We hedge price risk on inventories above our target levels to minimize the impact these price fluctuations have on our earnings and cash flows. Consequently, our hedging results may fluctuate significantly from one reporting period to the next depending on commodity price fluctuations and our relative physical inventory positions. These transactions may also expose us to risks of financial losses; for example, if our production is less than we anticipated at the time we entered into a hedge agreement or if a counterparty to our hedge agreements fails to perform its obligations under the agreements. We will only be able to pay dividends from our available cash on hand, cash from operations or borrowings under our credit agreement. The declaration of future dividends on our common stock is evaluated quarterly and will be at the discretion of our Board of Directors and will depend upon many factors, including our results of operations, financial condition, earnings, capital requirements, and restrictions in our debt agreements and legal requirements. We cannot assure you that any dividends will be paid or the frequency or amounts of such payments.