Risk Factors Comparison 2024-02-28 to 2023-03-01 Form: 10-K

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We are subject to numerous known and unknown risks, many of which are presented below and elsewhere in this Annual Report on Form 10- K. You should carefully consider each of the following risks and all of the other information contained in this Annual Report on Form 10- K in evaluating us and our common stock. Any of the risk factors described below, or additional risks and uncertainties not presently known to us, or that we currently deem immaterial, could have a material adverse effect on our business, financial condition, cash flows and results of operations. The headings provided in this Item 1A are for convenience and reference purposes only and shall not limit or otherwise affect the extent or interpretation of the risk factors. Risks Relating to Our Industries ~~The COVID- 19 Pandemic, any related subsequent waves of the COVID- 19 Pandemic or an additional regional or global disease outbreak, and certain developments~~ **Developments** ~~in~~ **which impact** the global oil markets have had, may continue to have, or may have an adverse impact on our business, our future results of operations and our overall financial performance. ~~The~~ **While our operations are focused primarily in the Gulf Coast Region (PADD III), our business is impacted by events and developments that impact the global markets for oil and other energy products. Any regional or global event or development that destabilizes worldwide economic and commercial activity, financial markets, or the demand for and prices of oil and gas products could materially adversely affect our business and operations. In recent years, the outbreak of COVID- 19 and its development into a pandemic in early 2020 (the"** COVID- 19 Pandemic **"** ~~and spread of new variants of the virus could materially adversely affect our~~ - **or** ~~business and operations for~~ the ~~foreseeable future. The COVID~~ **" Pandemic"), the war between Russia and Ukraine (" the Russia** - **Ukraine War")** ~~19 Pandemic has significantly destabilized and will likely continue to impact worldwide economic and commercial activity~~ , ~~financial markets and the demand for and prices of oil and gas products for the foreseeable future. In particular, there remains considerable tension in the~~ Organization of Petroleum Exporting Countries (" OPEC")- Russia relationship, **and the conflict between Israel and Hamas have been sources of** uncertainty in the global oil markets, substantial global supply chain issues, and significant disruptions in the labor market ~~. The impact of the COVID- 19 Pandemic may precipitate a prolonged economic slowdown and recession~~ . Global economic growth drives demand for energy from all sources, including fossil fuels. Should the U. S. ~~and~~ **or** global economies experience weakness, demand for energy may decline. Should growth in global energy production outstrip demand, excess supplies may arise. Declines in demand and excess supplies may result in accompanying declines in commodity prices and deterioration of our financial position along with our ability to operate profitably and our ability to obtain financing to support operations. Conversely, should demand for energy outstrip global supply, commodity prices are likely to rise. With respect to our business, we have experienced periodic declines in demand thought to be associated with slowing economic growth in certain markets, including the effects of the COVID- 19 Pandemic, coupled with new oil and gas supplies coming on line and other circumstances beyond our control that resulted in oil and gas supply exceeding global demand which, in turn, resulted in steep declines in prices of oil and natural gas. At times, we have also experienced declines in the supply of inputs thought to be associated with supply chain issues and disruptions in the labor market ~~arising from the effects of the COVID- 19 Pandemic~~ . There can be no assurance as to how long **such** ~~the current~~ uncertainty will persist or that a recurrence of price weakness will not arise in the future. The **ultimate extent of the impact of volatile conditions in the oil and gas industry on our business, financial condition, results of operation and liquidity will depend largely on future developments which are outside of our control, including the extent and duration of any price reductions, any additional decisions by OPEC and disputes between the members of OPEC . Furthermore, developments in the global oil markets may also have the effect of heightening many of the other risks described below. A regional or global disease outbreak could have a material adverse effect on our business, financial condition, results of operation and liquidity. Like the** COVID- 19 Pandemic ~~has~~ **, a regional or global disease outbreak could** ~~resulted~~ -- **result in financial and operational impacts that have a material adverse effect on our business, financial condition, results of operation and liquidity. Any regional or global disease outbreak may result** in modifications to our business practices, including limiting employee and contractor presence at certain work locations, limiting travel and reducing capital expenditures. We may take further actions as required by government authorities or that we determine are in the best interests of our employees, contractors, customers, suppliers and communities. However, there is no assurance that such measures will be sufficient to mitigate the risks posed by ~~the virus~~ **any outbreak** , and our ability to successfully execute our business operations could be adversely impacted. In addition, **a regional or global disease outbreak** ~~while we have recorded no goodwill impairment to date, the continued effects of the COVID- 19 Pandemic~~ could result in additional impairments of long- lived or indefinite- lived assets, including goodwill, at some point in the future. Such impairment charges could be material. ~~The full impact of the ongoing COVID- 19 Pandemic is unknown and continues to rapidly evolve.~~ It is difficult to predict how significant the impact of ~~the COVID- 19 Pandemic,~~ any ~~related subsequent waves of the COVID- 19 Pandemic, an additional~~ regional or global disease outbreak ~~,~~ and any responses to such events ~~,~~ will be on the U. S. and global economies and our business or for how long disruptions are likely to continue. The extent of such impact will depend on future developments and factors outside of our control, including new information which may emerge concerning the severity or duration of **such disease** ~~the COVID- 19 Pandemic~~ , the evolving governmental and private sector actions to contain the pandemic or treat its health, economic, and other impacts, and the timing and effectiveness of the ongoing rollout of currently available vaccines. ~~The ultimate~~ **To the** extent ~~of the~~ **any regional or global disease outbreak** ~~impact~~ **impacts** ~~of~~ **our business or** the ~~volatile conditions in the oil and gas industry~~ **global markets for our products, it could have a material adverse affect** on our business, financial condition, results of operation and liquidity ~~will also depend largely on future~~

~~developments, including the extent and duration of any price reductions, any additional decisions by OPEC and disputes between the members of other leading oil producing countries (together with OPEC, " OPEC ")~~ . **30 | Risk Factors** ~~To the extent COVID- 19 and the developments in the global oil markets adversely affects our business, financial condition, results of operation and liquidity, they may also have the effect of heightening many of the other risks described below.~~ A substantial or extended decline in refining margins would reduce our operating results and cash flows and could materially and adversely impact our future rate of growth and the carrying value of our assets. Our earnings, cash flow and profitability from our refining operations are substantially determined by the difference between the market price of refined products and the market price of crude oil, which often move independently of each other and are referred to as the crack spread, refining margin or refined products margin. Refining margins historically have been volatile, and we believe they will continue to be volatile. Although we monitor our refinery operating margins and seek to optimize results by adjusting throughput volumes, throughput types and product slates, there are inherent limitations on our ability to offset the effects of adverse market conditions. ~~37 | Risk Factors~~ Many of the factors influencing changes in crack spreads and refining margins are beyond our control. These factors include: • changes in global and local economic conditions ~~, e. g., as a result of the outbreak of the COVID- 19 Pandemic~~ ; • domestic and foreign supply and demand for crude oil and refined products, including changes in the availability and cost of inputs from price inflation and supply chain disruptions; • the level of foreign and domestic production of crude oil and refined petroleum products; • changes in the rate of inflation (including the cost of raw materials, labor, commodities, and supplies) and interest rates; • increased regulation of feedstock production activities, such as hydraulic fracturing; • infrastructure limitations that restrict, or events that disrupt, the distribution of crude oil, other feedstocks and refined petroleum products; • excess or overbuilt infrastructure; • an increase or decrease of infrastructure limitations (or the perception that such an increase or decrease could occur) on the distribution of crude oil, other feedstocks or refined products; • investor speculation in commodities; • worldwide political conditions, particularly in significant oil producing regions such as the Middle East, Africa, the former Soviet Union and South America; • the ability or inability of the members of OPEC to maintain oil price and production controls; • pricing and other actions taken by competitors that impact the market; • the level of crude oil, other feedstocks and refined petroleum products imported into and exported out of the U. S.; • excess capacity and utilization rates of refineries worldwide; • development and marketing of alternative and competing fuels, such as ethanol and biodiesel; • changes in fuel specifications required by environmental and other laws, particularly with respect to oxygenates and sulfur content; • local factors, including market conditions, adverse weather conditions and the level of operations of other refineries and pipelines in our markets; • volatility in the costs of natural gas and electricity used by our refineries; • accidents, interruptions in transportation, inclement weather, earthquakes, or other events, including cyber- attacks, that can cause unscheduled shutdowns or otherwise adversely affect our refineries or the supply and delivery of crude oil from third parties; and • U. S. government regulations. Some of these factors can vary by region and may change quickly, adding to market volatility, while others may have longer- term effects. The long- term effects of these and other factors on prices for crude oil, refinery feedstocks and refined products could be substantial. The crude oil we purchase, and the refined products we sell, are commodities whose prices are mainly determined by market forces beyond our control. While an increase or decrease in the price of crude oil will often result in a corresponding increase or decrease in the wholesale price of refined products, a change in the price of one commodity does not always result in a corresponding change in the other. A substantial or prolonged increase in crude oil prices without a corresponding increase in refined product prices, or a substantial or prolonged decrease in refined product prices without a corresponding decrease in crude oil prices, could also have a significant negative effect on our results of operations and cash flows. This is especially true for non- transportation refined products, such as asphalt, butane, coke, sulfur, propane and slurry, whose prices are less likely to correlate to fluctuations in the price of crude oil, all of which we produce at our refineries. Also, the price for a significant portion of the crude oil processed at our refineries is based upon the WTI benchmark for such oil rather than the Brent Crude benchmark. While the prices for WTI and Brent historically correlate to one another, elevated supply of WTI- priced crude oil in the Mid- Continent region has caused WTI prices to fall significantly below Brent prices at different points in time in recent years. Our ability to purchase and process favorably priced crude oil has allowed us to achieve higher net income and cash flow in certain years; however, we cannot assure that these favorable conditions will continue. The narrowing, and in some cases inversion, in the price differential between WTI and Brent benchmarks in 2021 and 2020 has negatively impacted our results of operations in the past. Narrowing or inversion in the price differential between the WTI and Brent benchmarks for any reason, including, without limitation, increased crude oil distribution capacity from the Permian Basin, crude oil exports from the U. S. or actual or perceived reductions in Mid- Continent crude oil inventories, could further negatively impact our earnings and cash flows, which could have a material adverse effect on our business, financial condition and results of operations. In addition, because the premium or discount we pay for a portion of the crude oil processed at our refineries is established based upon this differential during the month prior to the month in which the crude oil is processed, rapid decreases in the differential may negatively affect our results of operations and cash flows. **31 |** Additionally, governmental and regulatory actions, including continued resolutions by OPEC to restrict crude oil production levels and executive actions by the U. S. presidential administration to advance certain energy infrastructure projects may continue to impact crude oil prices and crude oil differentials. Any increase in crude oil prices or unfavorable movements in crude oil differentials due to such actions or changing regulatory environment may negatively impact our ability to acquire crude oil at economical prices and could have a material adverse effect on our business, financial condition and results of operations. ~~38 |~~ We operate in a highly regulated industry and increased costs of compliance with, or liability for violation of, existing or future laws, regulations and other requirements could significantly increase our costs of doing business, thereby adversely affecting our profitability. Our industry is subject to extensive laws, regulations, permits and other requirements including, but not limited to, those relating to the environment, fuel composition, safety, transportation, pipeline tariffs, employment, labor, immigration, minimum wages, overtime pay, health care benefits, working conditions, public accessibility, retail fuel pricing, the sale of alcohol and tobacco and other requirements. These permits, laws and regulations are enforced by federal agencies including the EPA, DOT, PHMSA, FMCSA, Federal Railroad Administration (" FRA"), OSHA, National Labor Relations Board ~~(" NLRB")~~, Equal Employment Opportunity Commission (" EEOC"), Federal Trade Commission (" FTC") and the FERC, and numerous other state and federal agencies. We anticipate that compliance with environmental, health and safety regulations could require us to spend significant amounts in capital costs during the next five years. These estimates do not include amounts related to capital investments that management has deemed to be strategic investments. These amounts could materially change as a result of governmental and regulatory actions. Various permits, licenses, registrations and other authorizations are required under these laws for the operation of our refineries, biodiesel facilities, terminals, pipelines, retail locations and related operations, and these permits are subject to renewal and modification that may require operational changes involving significant costs. If key permits cannot be renewed or are revoked, the ability to continue operation of the affected facilities could be threatened. Ongoing compliance with, or violation of, laws, regulations and other requirements could also have a material adverse effect on our business, financial condition and results of operations. We face potential exposure to future claims and lawsuits involving environmental matters, including, but not limited to, surface water, ground water, and wetlands contamination, air pollution, personal injury and property damage allegedly caused by substances we manufactured, handled, used, released or disposed. We are, and have been, the subject of various state, federal and private proceedings relating to environmental regulations, conditions and inquiries. In addition, new legal requirements, new interpretations of existing legal requirements, increased legislative activity and governmental enforcement and other developments could require us to make additional unforeseen expenditures. Companies in the petroleum industry, such as us, are often the target of activist and regulatory activity regarding pricing, safety, environmental compliance, derivatives trading and other business practices, which could result in price controls, fines, increased taxes or other actions affecting the conduct of our business. The specific impact of laws and regulations or other actions may vary depending on a number of factors, including the age and location of operating facilities, marketing areas, crude oil and feedstock sources and production processes. **Environmental regulations are becoming more stringent, and new environmental and safety laws and regulations are continuously being enacted or proposed. Compliance with any future legislation or regulation of our produced fuels, including renewable fuel or carbon content, GHG emissions, sulfur, benzene or other toxic content, vapor pressure, octane; or other fuel characteristics, may result in increased capital and operating costs and may have a material adverse effect on our business, financial conditions or results of operations. While it is impractical to predict the impact that potential regulatory and activist activity may have, such future activity may result in increased costs to operate and maintain our facilities, as well as increased capital outlays to improve our facilities. Such future activity could also adversely affect our ability to expand production, result in damaging publicity about us, or reduce demand for our products. Our need to incur costs associated with complying with any resulting new legal or regulatory requirements that are substantial and not adequately provided for, could have a material adverse effect on our business, financial condition and results of operations. Risks Related to Regulation of Hazardous Waste** We generate wastes that may be subject to RCRA and comparable state and local requirements. The EPA and various state agencies have limited the approved methods of managing, transporting, recycling and disposing of hazardous and certain non- hazardous wastes. Our refineries are large quantity generators of hazardous waste and require hazardous waste permits issued by the EPA or state agencies. Additionally, certain of our other facilities, such as terminals and biodiesel plants, generate lesser quantities of hazardous wastes. Under RCRA, CERCLA and other federal, state and local environmental laws, as the owner or operator of refineries, biodiesel plants, bulk terminals, pipelines, tank farms, rail cars, trucks and retail locations, we may be liable for the costs of removal or remediation of contamination at our existing or former locations, whether we knew of, or were responsible for, the presence of such contamination. We have incurred such liability in the past, and several of our current and former locations are the subject of ongoing remediation projects. The failure to timely report and properly remediate contamination may subject us to liability to third parties and may adversely affect our ability to sell or rent our property or to borrow money using our property as collateral. Additionally, persons who arrange for the disposal or treatment of hazardous substances also may be liable for the costs of removal or remediation of these substances at sites where they are located, regardless of whether the site is owned or operated by that person. We typically arrange for the treatment or disposal of hazardous substances generated by our refining and other operations. Therefore, we may be liable for removal or remediation costs associated with releases of these substances at third party **32 |** locations, as well as other related costs, including fines, penalties and damages resulting from injuries to persons, property and natural resources ~~. Our El Dorado refinery is a de minimis potentially responsible party at a Superfund site, for which we expect our costs to be non- material~~. In the future, we may incur substantial expenditures for investigation or remediation of contamination that has not been discovered at our current or former locations or locations that we may acquire or at third party sites where hazardous substances from these locations have been treated or disposed. **Risks Related to Air Emissions Regulations** Our operations are subject to certain requirements of the CAA, as well as related state and local laws and regulations governing air emissions. Certain CAA regulatory programs applicable to our refineries, terminals and other operations require capital expenditures for the installation of air pollution control devices, operational procedures to minimize emissions and monitoring and reporting of emissions. A consent decree was entered in the U. S. District Court for the Northern District of Texas in June 2019 resolving alleged historical violations of the CAA at our Big Spring refinery. In addition to a civil penalty of $ 0. 5 million that we paid in June 2019, we will be required to expend capital for pollution control equipment that may be significant over the next ~~6~~ **5** years. According to the EPA, approximately 95 % of the nation' s refining capacity has entered into" global" settlements under the EPA National Refinery Initiative. ~~39 |~~ In 2015, the EPA finalized reductions in the NAAQS for ozone, from 75 ppb to 70 ppb. Our Tyler refinery is located near areas classified as being in non- attainment with the new standard. However, the refinery area has not been classified as being in non- attainment with the new standard. If air quality near our facilities worsens in the future, it is possible that these area (s) could be reclassified as being in non- attainment for the new ozone standard which could require us to install additional air pollution control equipment for ozone forming emissions in the future. We do not believe such capital expenditures, or the changes in our operation, will result in a material adverse effect on our business, financial condition or results of operations. In late 2015, the EPA finalized additional rules regulating refinery air emissions from a variety of sources (such as cokers, flares, tanks and other process units) through additional ~~NSPS~~ **New Source Performance Standard** and National Emission Standards for Hazardous Air Pollutants and changing the way emissions from startup, shutdown and malfunction operations are regulated (the" Refinery Risk and Technology Review Rules" or " RTR "). The RTR rule also requires that we monitor property line benzene concentrations at our refineries, and report those concentrations quarterly to the EPA, which will make the results available to the public. Even though the concentrations are not expected to exceed regulatory or health- based standards, we have experienced some time periods above the action level, and have taken the corrective actions required by the RTR for those time periods. The availability of such data may increase the likelihood of lawsuits against our refineries by the local public or organized public interest groups. In addition to our operations, many of the fuel products we manufacture are subject to requirements of the CAA, as well as related state and local laws and regulations. The EPA has the authority, under the CAA, to modify the formulation of the refined transportation fuel products we manufacture, in order to limit the emissions associated with their final use. ~~In 2007, the EPA issued final Mobile Source Air Toxic II rules for gasoline formulation that required the reduction of annual average benzene content by July 1, 2012.~~ We have purchased credits in the past to comply with these content requirements for two of our refineries. Although credits have been readily available, there can be no assurance that such credits will continue to be available for purchase at reasonable prices, or at all, and we could have to implement capital projects in the future to reduce benzene levels. **Risks Related to Water Emissions Regulations** Our operations are also subject to the CWA, the OPA- 90 and comparable state and local requirements **regulating emissions into waterways, groundwater and wetlands** . ~~The~~ **With respect to wetlands, the U. S. Supreme Court' s 2023 decision in Sackett v. Environmental Protection Agency narrowed federal jurisdiction over wetlands under the** CWA, **which could reduce the level of regulation of our activities under the CWA. However, it is expected that further clarifications** and ~~similar~~ **changes may arise through implementing federal regulations, additional litigation over application of the Court' s decision, and / or state** laws ~~, prohibit any discharge into surface waters, ground waters, injection wells~~ and ~~publicly- owned treatment works, except as allowed by pre- treatment permits and NPDES permits issued by federal, state and local governmental agencies. The OPA- 90 prohibits the discharge of oil into" Waters of the U. S." and requires that affected facilities have plans in place to respond to spills and other discharges. The CWA also regulates~~ **regulations** ~~filling or discharges to wetlands and other" Waters of the U. S." In 2015, the EPA, in conjunction with the Army Corps of Engineers, issued a final rule expanding the definition of " Waters of the U. S. " The rule, which was subject to litigation and judicial stays, was repealed in December 2019. On April 21, 2020 the EPA and U. S. Army Corps of Engineers published the Navigable Waters Protection Rule to finalize a revised definition of " Waters of the U. S., " and the rule became effective on June 22, 2020 resulting in a more streamlined definition which narrows regulatory reach. However, in 2021 the Navigable Waters Protection Rule was vacated. On January 18, 2023, the EPA and Army Corp of Engineers issued a final rulemaking, revising the definition of" Waters of the U. S.". The new definition is broader than the prior interpretation, which expands the scope of the CWA' s definition~~ . As a result of **this uncertainty** ~~the expanded scope~~ , we could face increased **or unexpected** operating costs or other impediments that could alter the way we conduct our business, which could in turn have a material adverse effect on our business, financial condition and results of operations. **Risks Related to Transportation Regulations** We are subject to regulation by the DOT and various state agencies in connection with our pipeline, trucking and rail transportation operations. These regulatory authorities exercise broad powers, governing activities such as the authorization to operate hazardous materials pipelines and engage in motor carrier operations. There are additional regulations specifically relating to the transportation industry, including integrity management of pipelines, testing and specification of equipment, product handling and labeling requirements and personnel qualifications. The transportation industry is subject to possible regulatory and legislative changes that may affect the economics of our business by requiring changes in operating practices or pipeline construction or by changing the demand for common or contract carrier services or the cost of providing trucking services. Possible changes include, among other things, increasingly stringent environmental regulations, increased frequency and stringency for testing and repairing pipelines, replacement of older pipelines, changes in the hours of service regulations that govern the amount of time a driver may drive in any specific period, on- board black box recorder devices or limits on vehicle weight and size and properties of the materials that can be shipped. Required changes to the specifications governing rail cars carrying crude oil will eliminate the most commonly used tank cars or require that such cars be upgraded. In addition to the substantial remediation costs that could be caused by leaks or spills from our pipelines, regulators could prohibit our use of affected portions of the pipeline for extended periods, thereby interrupting the delivery of crude oil to, or the distribution of refined products from, our refineries. **33 |** In addition, the DOT has issued guidelines with respect to securing regulated facilities such as our bulk terminals against terrorist attack. We have instituted security measures and procedures in accordance with such guidelines to enhance the protection of certain of our facilities. We cannot provide any assurance that these security measures would fully protect our facilities from an attack ~~. Our operations are subject to various laws and regulations relating to occupational health and safety and process safety administered by OSHA, the EPA and various state equivalent agencies. We maintain safety, training, design standards, mechanical integrity and maintenance programs as part of our ongoing efforts to ensure compliance with applicable laws and regulations and to protect the safety of our workers and the public. More stringent laws or regulations or adverse changes in the interpretation of existing laws or regulations by government agencies could have an adverse effect on our financial position and the results of our operations and could require substantial expenditures for the installation and operation of systems and equipment. 40 | Health and safety legislation and regulations change frequently. We cannot predict what additional health and safety legislation or regulations will be enacted or become effective in the future or how existing or future laws or regulations will be administered or interpreted with respect to our operations. Compliance with applicable health and safety laws and regulations has required, and continues to require, substantial expenditures. Future process~~

~~safety rules could also mandate changes to the way we operate, the processes and chemicals we use and the materials from which our process units are constructed. Such regulations could have a significant negative effect on our operations and profitability. In January 2017, the EPA finalized changes to process safety requirements in its Risk Management Program rules that require evaluation of safer alternatives and technologies, expanded routine audits, independent third- party audits following certain process safety events and increased sharing of information with the public and emergency response organizations. In January 2017, OSHA announced changes to its National Emphasis Program, and specifically identified oil refineries as facilities for increased inspections. The changes also instruct inspectors to use data gathered from EPA Risk Management Plan inspections to identify refiners for additional Process Safety Management inspections~~ . Our operating responsibility for bulk product terminals and refined product pipelines includes responsibility to ensure 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 products in pipelines and storage tanks or off- specification product could be sent to public gasoline stations. These types of incidents could result in product liability claims from our customers, as well as negative publicity. Product liability 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 or results of operations or our ability to maintain existing customers or retain new customers. ~~Environmental~~ **Risks Related to Workplace Safety Regulations Our operations are subject to various laws and** regulations ~~are becoming~~ **relating to occupational health and safety and process safety administered by OSHA, the EPA and various state equivalent agencies. We maintain safety, training, design standards, mechanical integrity and maintenance programs as part of our ongoing efforts to ensure compliance with applicable laws and regulations and to protect the safety of our workers and the public.** ~~more~~ **More** stringent ~~, and new environmental and safety~~ laws ~~and~~ **or** regulations ~~are continuously being enacted~~ or ~~proposed. Compliance with any future legislation~~ **adverse changes in the interpretation of existing laws** or ~~regulation~~ **regulations by government agencies could** ~~of our produced fuels, including renewable fuel or carbon content, GHG emissions, sulfur, benzene or other toxic content, vapor pressure, octane; or other fuel characteristics, may result in increased capital and operating costs and may~~ have **an** ~~a material~~ adverse effect on our ~~business,~~ financial ~~conditions or~~ **position and the** results of **our** operations **and could require substantial expenditures for the installation and operation of systems and equipment** . ~~While it is impractical to~~ **Health and safety legislation and regulations change frequently. We cannot** predict ~~the impact that~~ **what** ~~potential~~ **additional health and safety legislation or** ~~regulatory~~ **regulations will be enacted or become effective in the future or how existing or future laws or regulations will be administered or interpreted with respect to our operations. Compliance with applicable health** and ~~activist activity may~~ **safety laws and regulations has required, and continues to require, substantial expenditures. Future process safety rules could also mandate changes to the way we operate, the processes and chemicals we use and the materials from which our process units are constructed. Such regulations could** have ~~, such future activity may result in increased costs to operate and maintain our facilities, as well as increased capital outlays to improve our facilities. Such future activity could also adversely affect our ability to expand production, result in damaging publicity about us, or reduce demand for our products. Our need to incur costs associated with complying with any resulting new legal or regulatory requirements that are substantial and not adequately provided for, could have~~ a ~~material adverse~~ **significant negative** effect on our ~~business, financial condition and results of~~ operations **and profitability** . The availability and cost of RINs and other required credits could have an adverse effect on our financial condition and results of operations. Pursuant to the 2007 Energy Independence and Security Act, the EPA promulgated the RFS- 2 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. While we are able to obtain many of the RINs required for compliance by blending renewable fuels manufactured by third parties or by our own biodiesel plants, we must also purchase RINs on the open market in order to comply with the quantity of renewable fuels we are required to blend under the RFS- 2 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- 2 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- 2 mandates, our financial condition and results of operations could be adversely affected. In the past, we have received small refinery exemptions under the RFS- 2 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. In June 2022, the EPA denied the petitions for small refinery exemptions for prior period compliance 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- 2 regulations are highly complex and evolving, requiring us to periodically update our compliance systems. The RFS- 2 regulations require the EPA to determine and publish the applicable annual volume and percentage standards for each compliance year by November 30 for the forthcoming year, and such blending percentages 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 forthcoming compliance year. 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. While the EPA promulgated a rule in June 2019 aiming to improve transparency in the market for RINs, 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- 2 regulations will impact our future results of operations. ~~41~~ **34** | Increased supply of and demand for alternative transportation fuels, increased fuel economy standards and increased use of alternative means of transportation could lead to a decrease in transportation fuel prices and / or a reduction in demand for petroleum- based transportation fuels. As regulatory initiatives have required an increase in the consumption of renewable transportation fuels, such as ethanol and biodiesel, consumer acceptance of electric, hybrid and other alternative vehicles is increasing. Increased use of renewable fuels and alternative vehicles may result in a decrease in demand for petroleum- based transportation fuels. Increased use of renewable fuels may also result in an increase in transportation fuel supply relative to decreased demand and a corresponding decrease in margins. A significant decrease in transportation fuel margins or demand for petroleum- based transportation fuels could have an adverse impact on our financial results. As described above, RFS- 2 ~~requires~~ **required** replacement of increasing amounts of petroleum- based transportation fuels with biofuels through 2022. RFS- 2 and widespread use of E- 15 or E- 85 could cause decreased crude runs and materially affect our profitability, unless fuel demand rises at a comparable rate or other outlets are found for the displaced petroleum products. In 2012, the EPA and the National Highway Traffic Safety Administration (" NHTSA") finalized rules raising the required Corporate Average Fuel Economy and GHG standards for passenger vehicles beginning with 2017 model year vehicles and increasing to the equivalent of 54. 5 mpg by 2025. These standards were reaffirmed by the EPA in January 2017, but that action was subsequently withdrawn on April 13, 2018. Additional increases in fuel efficiency standards for medium and heavy- duty vehicles were finalized in 2016. On August 10, 2021, the NHTSA proposed to amend the Corporate Average Fuel Economy standards previously published in 2020 (for model years 2024- 2026) to increase the stringency at a rate of 8 % per year, rather than the 1. 5 % set previously. Such increases in fuel economy standards and potential electrification of the vehicle fleet, along with mandated increases in use of renewable fuels discussed above, could result in decreasing demand for petroleum fuels, which, in turn, could materially affect profitability at our refineries. To meet higher fuel efficiency and GHG emission standards for passenger vehicles, automobile manufacturers are increasingly using technologies, such as turbocharging, direct injection and higher compression ratios that require high octane gasoline. Many auto manufacturers have expressed a desire that only a high- octane grade of gasoline be allowed in order to maximize fuel efficiency, rather than the three octane grades common now. Regulatory changes allowing only one high- octane grade, or significant increases in market demand for high- octane fuel, could result in a shift to high- octane ethanol blends containing 25 %- 30 % ethanol, the need for capital expenditures at our refineries to increase octane or reduced demand for petroleum fuels, which could materially affect profitability of our refineries. Competition in the refining and logistics 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 companies in our refining and petroleum product operations. Many of these competitors are integrated, multinational oil companies that are substantially larger than us. Because of their diversity, integration of operations, larger capitalization, larger and more complex refineries and greater resources, these companies may be better able to withstand volatile market conditions relating to crude oil and refined product pricing, compete on the basis of price, obtain crude oil in times of shortage, and withstand weather disruptions. We do not engage in petroleum exploration or production, and therefore do not produce any of our crude oil feedstocks. Certain of our competitors, however, obtain a portion of their feedstocks from company- owned production activities. Competitors that have their own crude oil production are at times able to offset losses from refining operations with profits from producing operations and may be better positioned to withstand periods of depressed refining margins or feedstock shortages. If we are unable to compete effectively with these competitors, there could be a material adverse effect on our business, financial condition and results of operations. Our retail segment is subject to loss of market share or pressure to reduce prices in order to compete effectively with a changing group of competitors in a fragmented retail industry. The markets in which we operate our retail fuel and convenience stores are highly competitive and characterized by ease of entry and constant change in the number and type of retailers offering the products and services found in our stores. We compete with other convenience store chains, gas stations, supermarkets, drug stores, discount stores, dollar stores, club stores, mass merchants, fast food operations, independent owner- operators and other retail outlets. In some of our markets, our competitors have been in existence longer and have greater financial, marketing and other resources than us. In addition, independent owner- operators can generally operate stores with lower overhead costs than ours. As a result, our competitors may be able to respond better to changes in the economy and new opportunities within the industry. Several non- traditional retailers, such as supermarkets, club stores and mass merchants, have affected the convenience store industry by entering the retail fuel business and / or selling merchandise traditionally found in convenience stores. Many of these competitors are substantially larger than we are. Because of their diversity, integration of operations and greater resources, these companies may be better able to withstand volatile market conditions or levels of low or no profitability. In addition, these retailers may use promotional pricing or discounts, both at the pump and in the store, to encourage in- store merchandise sales. These activities by our competitors could adversely affect our profit margins. Our convenience stores could lose market share, relating to both gasoline and merchandise, to these and other retailers, which could adversely affect our business, results of operations and cash flows. Our convenience stores compete in large part based on their ability to offer convenience to customers. Consequently, changes in traffic patterns and the type, number and location of competing stores could result in the loss of customers and reduced sales and profitability at affected stores. These non- traditional gasoline and / or convenience merchandise retailers may obtain a significant share of the retail fuels market, may obtain a significant share of the convenience store merchandise market and their market share in each market is expected to grow. ~~42~~ **35** | We may seek to diversify and expand our retail fuel and convenience store operations, which may present operational and competitive challenges. We may seek to grow by selectively operating stores in geographic areas other than those in which we currently operate, or in which we currently have a relatively small number of stores. This growth strategy would present numerous operational and competitive challenges to our senior management and employees and would place significant pressure on our operating systems. In addition, we cannot assure that consumers located in the regions in which we may expand our operations would be as receptive to our stores as consumers in our existing markets. The success of any such growth plans will depend in part upon our ability to: • select, and compete successfully in, new markets; • obtain suitable sites at acceptable costs; • realize an acceptable return on the capital invested in new facilities; • hire, train, and retain qualified personnel; • integrate new retail fuel and convenience stores into our existing distribution, inventory control, and information systems; • expand relationships with our suppliers or develop relationships with new suppliers; and • secure adequate financing, to the extent required. We cannot assure that we will achieve our development goals, manage our growth effectively, or operate our existing and new retail fuel and convenience stores profitability. The failure to achieve any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. Decreases in commodity prices may lessen our borrowing capacities, increase collateral requirements for derivative instruments or cause a write- down of inventory. The nature of our business requires us to maintain substantial quantities of crude oil, refined petroleum product and blendstock inventories. Because these inventories are commodities, we have no control over their changing market value. For example, reductions in the value of our inventories or accounts receivable as a result of lower commodity prices could result in a reduction in our borrowing base calculations and a reduction in the amount of financial resources available to meet the refineries' credit requirements. Further, if at any time our availability under certain of our revolving credit facilities falls below certain thresholds, we may be required to take steps to reduce our utilization under those credit facilities. In addition, changes in commodity prices may require us to utilize substantial amounts of cash to settle or cash collateralize some or all of our existing commodity hedges. Finally, because our inventory is valued at the lower of cost or market value, we would record a write- down of inventory and a non- cash charge to cost of sales if the market value of the inventory were to decline to an amount below our cost. Acts of terror or sabotage, threats of war, armed conflict, or war may have an adverse impact on our business, our future results of operations and our overall financial performance. Acts of sabotage or terrorist attacks (including cyber- attacks), threats of war, armed conflict, or war, as well as events occurring in response to or in connection with them, including political instability in significant oil producing regions such as the Middle East, Africa, the former Soviet Union and South America, may harm our business or have an adverse impact on our future results of operations and financial condition. This risk, and others dependent on geopolitical factors, may be heightened as a result of **ongoing conflicts such as the** ~~Russian~~ - **Russia-** ~~action against~~ Ukraine **war and Israel- Hamas war** and events occurring in response thereto. Energy- related assets (which could include refineries, pipelines and terminals) may be at greater risk of future terrorist attacks than other possible targets in the U. S. direct attack on our assets, or the assets of others used by us, could have a material adverse effect on our business, financial condition and results of operations. Uncertainty surrounding new or continued global hostilities or other sustained military campaigns, sanctions brought by the U. S. and other countries, and the possibility that infrastructure facilities could be direct targets of, or indirect casualties of, an act of terror, armed conflict or war may affect our operations in unpredictable ways, including disruptions of crude oil supplies and markets for refined products. In addition, any terrorist attack, armed conflict, war or political instability in significant oil producing regions such as the Middle East, Africa, the former Soviet Union and South America could have an adverse impact on energy prices, including prices for crude oil, other feedstocks and refined petroleum products, and an adverse impact on the margins from our refining and petroleum product marketing operations. The long- term impacts of terrorist attacks and the threat of future terrorist attacks on the energy transportation industry in general, and on us in particular, are unknown. Increased security measures taken by us as a precaution against possible terrorist attacks or vandalism could result in increased costs to our business. In addition, disruption or significant increases in energy prices could result in government- imposed price controls. Any one of, or a combination of, these occurrences could have a material adverse effect on our business, financial condition and results of operations. Further, changes in the insurance markets attributable to terrorist attacks or acts of sabotage 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, sabotage or war could also affect our ability to raise capital, including our ability to repay or refinance debt. ~~43~~ **36** | Legislative and regulatory measures to address climate change and GHG emissions could increase our operating costs or decrease demand for our refined products. Various legislative and regulatory measures to address climate change and GHG emissions (including carbon dioxide, methane and nitrous oxides) are in various phases of discussion or implementation and could affect our operations. They include proposed and enacted federal regulation and state actions to develop statewide, regional or nationwide programs designed to control and reduce GHG emissions from fixed sources, such as our refineries, coal- fired power plants and oil and gas production operations, as well as mobile transportation sources and fuels. Many states and regions have implemented, or are in the process of implementing, measures to reduce emissions of GHGs, primarily through cap and trade programs or low carbon fuel standards. In December 2009, the EPA published its findings that emissions of GHGs present a danger to public health and the environment because emissions of such gases are, according to the EPA, contributing to the warming of the Earth' s atmosphere and other climatic conditions. Based on these findings, the EPA adopted two sets of regulations that restrict emissions of GHGs under existing provisions of the federal CAA, including one that requires a reduction in emissions of GHGs from motor vehicles and another that regulates GHG emissions from certain large stationary sources under the PSD and Title V permitting programs. Congress has also from time to time considered legislation to reduce emissions of GHGs. Efforts have been made, and continue to be made, in the international community toward the adoption of international treaties or protocols that would address global climate change issues. In April 2016, the U. S. became a signatory to the 2015 United Nations Conference on Climate Change, which led to the creation of the Paris Agreement. ~~After beginning the process to withdraw from participation in the Paris Agreement in 2017, in 2021 the U. S. rejoined the Paris Agreement.~~ In addition, a number of state and local governments in the U. S. have expressed intentions to take, or have taken, action to reduce GHG emissions. More aggressive efforts by governments and non- governmental organizations to reduce GHG emissions appear likely and any such future laws and regulations could result in increased compliance costs or additional operating restrictions applicable to our customers and / or us, and any increase in the prices of refined products resulting from such increased costs, GHG cap- and- trade programs or taxes on GHGs, could result in reduced demand for our refined petroleum products. For example, in August 2022, the U. S. Senate passed the Inflation Reduction Act, which imposes a charge on methane emissions from certain petroleum system facilities and could have an indirect impact on demand for the goods and services of our business. Our business could also be impacted by governmental initiatives to incentivize the conservation of energy or the use of alternative energy sources. Although it is not possible to predict the requirements of any GHG legislation that may be enacted, any laws or regulations that have been or may be adopted to restrict or reduce GHG emissions will likely require us to incur increased operating and capital costs and / or increased taxes on GHG emissions and petroleum fuels, and any increase in the prices of refined products resulting from such increased costs, GHG cap and trade programs or taxes on GHGs, could result in reduced demand for our petroleum fuels. As part of our strategy review process, we review hydrocarbon demand forecasts and assesses the impact on our business model, plans, and future estimates of reserves. In addition, we evaluate other lower- carbon technologies that could complement our existing assets, strategy and competencies as part of its long- term capital allocation strategy. **There is also increased agency interest in polyfluoroalkyl substances or PFAS. In September 2022, the EPA proposed to designate two PFAS compounds as hazardous substances. If PFAS compounds are designated as hazardous substances, the EPA and states could have the ability to order remediation of those compounds and cost recovery at clean- up sites. The EPA and states could also have the authority to reopen closed sites which are shown to be impacted by these PFAS compounds. This could lead to increased monitoring obligations and potential liability related thereto.** If we are unable to maintain sales of our refined products at a price that reflects such increased costs, there could be a material adverse effect on our business, financial condition and results of operations. GHG regulation, including taxes on the GHG content of fuels, could also impact the consumption of refined products, thereby affecting our refinery operations. Increasing attention to environmental, social and governance matters may impact our business, financial results **, cost of capital,** or stock price. In recent years, increasing attention has been given to corporate activities related to ESG matters in public discourse and the investment community. A number of advocacy groups, both domestically and internationally, have campaigned for governmental and private action to promote change at public companies related to ESG matters, including through the investment and voting practices of investment advisers, public pension funds, universities and other members of the investing community. **37 |** These activities include increasing attention and demands for action related to climate change, promoting the use of substitutes to fossil fuel products, litigation and encouraging the divestment of companies in the fossil fuel industry. For example, in recent years, private litigation has been increasingly initiated against oil and gas companies by local and state agencies and private parties alleging climate change impacts arising from their operations and seeking damages and equitable relief. We have not had any climate change litigation initiated against us to date and we cannot reasonably predict whether any such litigation will be initiated against us or, if initiated, what the outcome would be. If any such litigation were to be initiated against us, at a minimum, we would incur legal and other expenses to defend such lawsuits, which amounts may be significant. If we failed to prevail in any such litigation and were required to pay significant damages and / or materially alter the manner in which we conduct our business, there could be a material adverse impact on our operations, financial condition or results of operations. ~~These~~ -- **The increasing attention given to ESG** activities **and a shift by consumers to more fuel- efficient or alternative fuel vehicles** could reduce demand for our products, reduce our profits, increase the potential for investigations and litigation, impair our brand and have negative impacts on our stock price and access to capital markets **. Additionally, increased attention may increase opposition to the development, permitting, construction or operation of our pipelines and facilities from environmental groups, landowners, local groups and other advocates. In addition to litigation, such opposition may take the form of organized protests, attempts to block or sabotage our operations, intervention in regulatory or administrative proceedings involving our assets or other actions designed to prevent, disrupt or delay the development, operation, or maintenance of our assets and business** . In addition, organizations that provide information to investors on corporate governance and related matters have developed ratings systems for evaluating companies on their approach to ESG matters. These ratings are used by some investors to inform their investment and voting decisions. Unfavorable ESG ratings may lead to increased negative investor sentiment toward us and our industry and to the diversion of investment to other industries, which could have a negative impact on our stock price and our access to and costs of capital. ~~44 |~~ Risks Relating to Our Business We are particularly vulnerable to disruptions to our refining operations because our refining operations are concentrated in four facilities. Because all of our refining operations are concentrated in the Tyler, El Dorado, Big Spring and Krotz Springs refineries, significant disruptions at one of these facilities could have a material adverse effect on our consolidated financial results. Our refineries consist of many processing units, a number of which have been in operation for many years. These processing units undergo periodic shutdowns, known as turnarounds, during which routine maintenance is performed to restore the operation of the equipment to a higher level of performance. Depending on which units are affected, all or a portion of a refinery' s production may be halted or disrupted during a maintenance turnaround. We are also subject to unscheduled down time for unanticipated maintenance or repairs. Refinery operations may also be disrupted by external factors, such as a suspension of feedstock deliveries, cyber- attacks, or an interruption of electricity, natural gas, water treatment or other utilities or a global pandemic such as the outbreak of the COVID- Pandemic ~~. A large number of positive COVID- 19 cases at one or more of our refineries could substantially impact our business, financial condition, results of operations and liquidity~~ . Other potentially disruptive factors include natural disasters, severe weather conditions, workplace or environmental accidents, interruptions of supply, work stoppages, losses of permits or authorizations or acts of terrorism. The physical effects of climate change and severe weather present risks to our operations. The potential physical effects of climate change and severe weather on our operations are highly uncertain and depend upon the unique geographic and environmental factors present. We have systems in place to manage potential acute physical risks, including those that may be caused by climate change, but if any such events were to occur, they could have an adverse effect on our assets and operations. Examples of potential physical risks include floods, hurricane- force winds, wildfires, freezing temperatures and snowstorms. We have incurred, and will continue to incur, costs to protect our assets from physical risks, and to employ processes, to the extent available, to mitigate such risks. Any extreme weather events may disrupt the ability to operate our facilities or to transport crude oil, refined petroleum or petrochemical and plastics products in these areas. In addition, substantial weather- related conditions could impact our relationships and arrangements with our major customers and suppliers by materially affecting the normal flow of crude oil and refined products. For example, severe weather events could damage transportation infrastructures and lead to interruptions of our operations, including our ability to deliver our products, or increases in costs to receive crude oil. During February 2021, we experienced a severe weather event (" Winter Storm Uri") which temporarily impacted operations at all of our refineries. Due to the extreme freezing conditions, we experienced reduced throughputs at our refineries as there was a disruption in the crude supply, as well as damages to various units at our refineries requiring additional operating and capital expenditures. We recognized additional operating expenses in the amount of $ 17. 5 million during the year ended December 31, 2021 due to property damaged in the freeze which was recovered during 2021. For additional information, refer to Note 13- Commitments and Contingencies in the Notes to Consolidated Financial Statements. Extended periods of such disruption could have an adverse effect on our results of operations. We could also incur substantial costs to prevent or repair damage to these facilities. Finally, depending on the severity and duration of any extreme weather events or climate conditions, our operations may need to be modified and material costs incurred, which could materially and adversely affect our business, financial condition and results of operations. **38 |** Our operations are subject to business interruptions and casualty losses. Failure to manage risks associated with business interruptions **and casualty losses** could adversely impact our operations, financial condition, results of operations and cash flows. Our refining and logistics operations are subject to significant hazards and risks inherent in transporting, storing and processing crude oil and intermediate and finished petroleum products. These hazards and risks include, but are not limited to, natural or weather- related disasters, fires, explosions, pipeline ruptures and spills, trucking accidents, train derailments, third- party interference, mechanical failure of equipment and other events beyond our control. The occurrence of any of these events could result in production and distribution difficulties and disruptions, personal injury or death, environmental pollution and other damage to our properties and the properties of others. If any facility were to experience an interruption in operations, earnings from the facility could be materially adversely affected (to the extent not recoverable through insurance, if insured) because of lost production and repair costs. A significant interruption in one or more of our facilities could also lead to increased volatility in prices for feedstocks and refined products and could increase instability in the financial and insurance markets, making it more difficult for us to access capital and to obtain insurance coverage that we consider adequate. For example, ~~on~~ **in** February ~~27,~~ 2021, our El Dorado refinery experienced a fire in its Penex **unit and in November 2022, our Big Spring refinery experienced a fire in its diesel hydrotreater** unit. For additional information, refer to Note 13- Commitments and Contingencies in the Notes to Consolidated Financial Statements. Because of these inherent dangers, our refining and logistics operations are subject to various laws and regulations relating to occupational health and safety, process and operating safety, environmental protection and transportation safety. Continued efforts to comply with applicable laws and regulations related to health, safety and the environment, or a finding of non- compliance with current regulations, could result in additional capital expenditures or operating expenses, as well as fines and penalties. ~~45 |~~ In addition, our refineries, pipelines and terminals are located in populated areas and any release of hazardous material, or catastrophic event, could affect our employees and contractors, as well as persons and property outside our property. Our pipelines, trucks and rail cars carry flammable and toxic materials on public railways and roads and across populated and / or environmentally sensitive areas and waterways that could be severely impacted in the event of a release. An accident could result in significant personal injuries and / or cause a release that results in damage to occupied areas, as well as damage to natural resources. It could also affect deliveries of crude oil to our refineries, resulting in a curtailment of operations. The costs to remediate such an accidental release and address other potential liabilities, as well as the costs associated with any interruption of operations, could be substantial. Although we maintain significant insurance coverage for such events, it may not cover all potential losses or liabilities. In the event that personal injuries or deaths result from such events, or there are natural resource damages, we would likely incur substantial legal costs and liabilities. The extent of these costs and liabilities could exceed the limits of our available insurance. As a result, any such event could have a material adverse effect on our business, financial condition, results of operations and cash flows. There are certain environmental hazards and risks inherent in our operations that could adversely affect those operations and our financial results. The operation of refineries, pipelines, terminals and vessels is inherently subject to the risks of spills, discharges or other inadvertent releases of petroleum or hazardous substances. **When** ~~If any of~~ these events ~~had previously occurred or occurs~~ **occur,** ~~in the future~~ in connection with any of our refineries, pipelines or refined petroleum products terminals, or in connection with any facilities that receive our wastes or byproducts for treatment or disposal, ~~other than events for which~~ we ~~are indemnified, we~~ **have in the past and** could **in the future** be liable for ~~all~~ costs and penalties associated with their remediation under federal, state, local and international environmental laws or common law, **as well as** ~~and could be liable~~ for property damage to third parties caused by contamination from releases and spills. The costs, scope, timelines and benefits of our refining projects may deviate significantly from our original plans and estimates. We may experience unanticipated increases in the cost, scope and completion time for our improvement, maintenance and repair projects at our refineries. Refinery projects are generally initiated to increase the yields of higher- value products, increase our ability to process a variety of crude oil, increase production capacity, meet new regulatory requirements or maintain the safe and reliable operations of our existing assets. Equipment that we require to complete these projects may be unavailable to us at expected costs or within expected time periods. Additionally, employee or contractor labor expense may exceed our expectations. Due to these or other factors beyond our control, we may be unable to complete these projects within anticipated cost parameters and timelines. In addition, the benefits we realize from completed projects may take longer to achieve and / or be less than we anticipated. Large- scale capital projects are typically undertaken in anticipation of achieving an acceptable level of return on the capital to be employed in the project. We base these forecasted project economics on our best estimate of future market conditions that are not within our control. Most large- scale projects take many years to complete, and during this multi- year period, market and other business conditions can change from those we forecast. Our inability to complete, and / or realize the benefits of refinery projects in a cost- efficient and timely manner, could have a material adverse effect on our business, financial condition and results of operations. **39 |** We depend upon our logistics segment for a substantial portion of the crude oil supply and refined product distribution networks that serve our Tyler, Big Spring and El Dorado refineries. Our logistics segment consists of Delek Logistics, a publicly- traded master limited partnership, and our consolidated financial statements include its consolidated financial results. As of December 31, ~~2022~~ **2023** , we owned a 78. ~~8~~ **7** % limited partner interest in Delek Logistics, consisting of 34, 311, 278 common limited partner units and the non- economic general partner interest. Delek Logistics operates a system of crude oil and refined product pipelines, distribution terminals and tankage in Arkansas, Louisiana, Oklahoma, Tennessee and Texas. Delek Logistics generates revenues by charging tariffs for transporting crude oil and refined products through its pipelines, by leasing pipeline capacity to third parties, by charging fees for terminalling refined products and other hydrocarbons and storing and providing other services at its terminals. Our Tyler, El Dorado and Big Spring refineries are substantially dependent upon Delek Logistics' assets and services under several long- term pipeline and terminal, tankage and throughput agreements expiring in 2024 through 2033. Delek Logistics is subject to its own operating and regulatory risks, including, but not limited to: • its reliance on significant customers, including us; • macroeconomic factors, such as commodity price volatility that could affect its customers' utilization of its assets; • its reliance on us for near- term growth; • sufficiency of cash flow for required distributions; • counterparty risks, such as creditworthiness and force majeure; • competition from third- party pipelines and terminals and other competitors in the transportation and marketing industries; • environmental regulations; • successful integration of acquired businesses; • operational hazards and risks; • pipeline tariff regulations; • limitations on additional borrowings and other restrictions in its debt agreements; and • other financial, operational and legal risks. ~~46 |~~The occurrence of any of these factors could directly or indirectly affect Delek Logistics' financial condition, results of operations and cash flows. Because Delek Logistics is our consolidated subsidiary, the occurrence of any of these risks could also affect our financial condition, results of operations and cash flows. Additionally, if any of these risks affect Delek Logistics' viability, its ability to serve our supply and distribution needs may be jeopardized. For additional information about Delek Logistics, see" Logistics Segment" under Item 1 & 2. Business and Properties, of this Annual Report on Form 10- K. Interruptions or limitations in the supply and delivery of crude oil, or the supply and distribution of refined products, may negatively affect our refining operations and inhibit the growth of our refining operations. We rely on Delek Logistics and third- party transportation systems for the delivery of crude oil to our refineries. We could experience an interruption or reduction of supply and delivery, or an increased cost of receiving crude oil, if the ability of these systems to transport crude oil is disrupted because of accidents, adverse weather conditions, governmental regulation, terrorism, maintenance or failure of pipelines or other delivery systems, other third- party action or other events beyond our control. The unavailability for our use, for a prolonged period of time, of any system of delivery of crude oil could have a material adverse effect on our business, financial condition and results of operations. Pipeline suspensions like these could require us to operate at reduced throughput rates. Moreover, interruptions in delivery or limitations in delivery capacity may not allow our refining operations to draw sufficient crude oil to support current refinery production or increases in refining output. In order to maintain or materially increase refining output, existing crude delivery systems may require upgrades or supplementation, which may require substantial additional capital expenditures. In addition, the El Dorado, Big Spring and Krotz Springs refineries distribute most of their light product production through a third- party pipeline system. An interruption to, or change in, the operation of the third- party pipeline system may result in a material restriction to our distribution channels. Because demand in the local markets is limited, a material restriction to each of the refinery' s distribution channels may cause us to reduce production and may have a material adverse effect on our business, financial condition and results of operations. We could experience an interruption or reduction of supply or delivery of refined products if our suppliers partially or completely ceased operations, temporarily or permanently. The ability of these refineries and our suppliers to supply refined products to us could be temporarily disrupted by anticipated events, such as scheduled upgrades or maintenance, as well as events beyond their control, such as unscheduled maintenance, fires, floods, storms, explosions, power outages, accidents, acts of terrorism or other catastrophic events, labor difficulties and work stoppages, governmental or private party litigation, or legislation or regulation that adversely impacts refinery operations. In addition, any reduction in capacity of other pipelines that connect with our suppliers' pipelines or our pipelines due to testing, line repair, reduced operating pressures, or other causes could result in reduced volumes of refined product supplied to our logistics segment' s West Texas terminals. A reduction in the volume of refined products supplied to our West Texas terminals could adversely affect our sales and earnings. **40 |** We are subject to risks associated with significant investments in the Permian Basin. We and our joint ventures have made and are continuing to make significant investments in infrastructure to gather crude oil from the Permian Basin in West Texas. Similar investments have been made and additional investments may be made in the future by us, our competitors or by new entrants to the markets we serve. The success of these and similar projects largely relies on the realization of anticipated market demand and growth in production in the Permian Basin. These projects typically require significant development periods, during which time demand for such infrastructure may change, production in the Permian Basin may decrease, or additional investments by competitors may be made. Lower production in the Permian Basin, or further investments by us or others in new pipelines, storage or dock capacity could result in capacity that exceeds demand, which could reduce the utilization of our gathering system and midstream assets and the related services or the prices we are able to charge for those services. There are several projects currently underway that are expected to increase pipeline capacity from the Permian Basin beyond current production. This excess capacity could decrease the differential between the Permian and end markets, resulting in a highly competitive environment for transportation services and reducing the rates for those services. When infrastructure investments in the markets we serve result in capacity that exceeds the demand in those markets, our facilities or investments could be underutilized, and rates could be unfavorably impacted, which could materially adversely affect our results of operations, financial position or cash flows, as well as our ability to pay cash distributions. We have made investments in joint ventures which subject us to additional risks, over which we do not have full control and which have unique risks. We have made investments in several joint ventures, and we may enter into other joint venture arrangements in the future. Generally, we have limited control over the activities of the joint venture, including the cash distribution policies of each of the joint ventures. We also have financial obligations related to our joint venture investments, some of which may be contingent on the activities of the joint ventures and the abilities of the joint ventures to obtain their own financing for their activities. Construction delays, cost increases, changes in market conditions, and other factors may result in a change in our expectations for the results of our investments in these joint ventures, and may require additional contributions from us to a joint venture. Additionally, our joint venture partners may not always share our goals and objectives. Differences in views among the partners may result in delayed decisions or failures to agree on major matters, such as large expenditures or contractual commitments, the construction of assets or ~~47 |~~ the borrowing of money, among others. Delay or failure to agree may prevent action with respect to such matters, even though such action may not serve our best interest or that of the joint venture. Accordingly, delayed decisions and disagreements could adversely affect the business and operations of the joint ventures and, in turn, our business and operations. From time to time, our joint ventures may be involved in disputes or legal proceedings which may negatively affect our investments. Accordingly, any such occurrences could adversely affect our financial condition, results of operations or cash flows. Our retail segment is dependent on fuel sales, which makes us susceptible to increases in the cost of gasoline and interruptions in fuel supply. Our dependence on fuel sales makes us susceptible to increases in the cost of gasoline and diesel fuel, and fuel profit margins have a significant impact on our earnings. The volume of fuel sold by us, and our fuel profit margins, are affected by numerous factors beyond our control, including the supply and demand for fuel, volatility in the wholesale fuel market and the pricing policies of competitors in local markets. Although we can rapidly adjust our pump prices to reflect higher fuel costs, a material increase in the price of fuel could adversely affect demand. A material, sudden increase in the cost of fuel that causes our fuel sales to decline could have a material adverse effect on our business, financial condition and results of operations. In addition, credit card interchange fees are typically calculated as a percentage of the transaction amount rather than a percentage of gallons sold. Higher refined product prices often result in negative consequences for our retail operations, such as higher credit card expenses, lower retail fuel gross margin per gallon and reduced demand for gasoline and diesel. These conditions could result in fewer retail gallons sold and fewer retail merchandise transactions, which could have a material adverse effect on our business, financial condition and results of operations. Our dependence on fuel sales also makes us susceptible to interruptions in fuel supply. Gasoline sales generate customer traffic to our retail fuel and convenience stores, and any decrease in gasoline sales, whether due to shortage or otherwise, could adversely affect our merchandise sales. A serious interruption in the supply of gasoline to our retail fuel and convenience stores could have a material adverse effect on our business, financial condition and results of operations. **41 |** General economic conditions may adversely affect our business, operating results and financial condition. 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. During a period of economic weakness or uncertainty, current or potential customers may travel less, reduce or defer purchases, go out of business or have insufficient funds to buy or pay for our products and services. 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 **and reduce our reliance on the use of RINs financing arrangements and funded letters of credit** for our operations. Our access to additional capital may not be available on terms acceptable to us or at all. Also, because all of our operating refineries are located in the Gulf Coast Region, we primarily market our refined products in a relatively limited geographic area. As a result, we are more susceptible to regional economic conditions compared to our more geographically diversified competitors, and any unforeseen events or circumstances that affect the Gulf Coast Region could also materially and adversely affect our revenues and cash flows. The primary factors include, among other things, changes in the economy, weather conditions, demographics and population, increased supply of refined products from competitors and reductions in the supply of crude oil or other feedstocks. In the event of a shift in the supply / demand balance in the Gulf Coast Region due to changes in the local economy, an increase in aggregate refining capacity or other reasons, resulting in supply exceeding the demand in the region, our refineries may have to deliver refined products to more customers outside of the Gulf Coast Region and thus incur considerably higher transportation costs, resulting in lower refining margins, if any. Additionally, general economic conditions in West Texas are highly dependent upon the price of crude oil. When crude oil prices exceed certain dollar per barrel thresholds, demand for people and equipment to support drilling and completion activities for the production of crude oil is robust, which supports overall economic health of the region. If crude oil prices fall below certain dollar per barrel thresholds, economic activity in the region may slow down, which could have a material adverse impact on the profitability of our business in West Texas. We may be adversely affected by the effects of inflation. 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. The existence of inflation in the economy has the potential to result in higher interest rates and capital costs, supply shortages, increased costs of labor, weakening exchange rates and other similar effects. As a result of inflation, we have experienced and may continue to experience, increases in the costs of feedstocks, labor, materials, and other inputs. Although we may take measures to mitigate the impact of this inflation through pricing actions and efficiency gains, 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 ~~48 |~~ our results of operations and when the cost inflation is incurred. Additionally, the pricing actions we take could result in a decrease in market share. Disruption of our supply chain could adversely impact our ability to refine, manufacture, transport and sell our products. We and our suppliers use multiple forms of transportation to bring our products to market. Disruption to the timely supply of raw materials, parts, other inputs and finished goods or increases in the cost of transportation services, including due to general inflationary pressures, cost of fuel and labor, labor disputes or shortages, governmental regulation or governmental restrictions limiting specific forms of transportation, could have an adverse effect on our ability to refine, manufacture, transport and sell our products, which would adversely affect our liquidity, business, financial condition and results of operations. Our business could be adversely impacted as a result of our failure to retain or attract key talent. Our failure to retain or attract key talent with specific capabilities could interfere with our ability to execute on strategic transformation implementations, and could diminish our ability to execute and integrate strategic transactions. As a result, our ability to remain competitive in our industry sector and / or to operate effectively could be adversely impacted. Evolving employee preferences and values, inflationary pressures, shortages in the labor market, increased employee turnover, and changes in the availability of workers could make it more difficult to retain or attract key talent and could increase labor costs, which could have a material adverse effect on our liquidity, business, financial condition and results of operations. Additionally, our labor costs include the cost of providing employee benefits. Inflation, and other factors, could increase the costs of providing such benefits. Failure, or any perceived failure to provide such benefits, could impact our competitive position, which could in turn negatively affect our liquidity, business, financial condition and results of operations. **42 |** We have capital needs to finance our crude oil and refined products inventory for which our internally generated cash flows or other sources of liquidity may not be adequate. In December 2022, we entered into an Inventory Intermediation Agreement with Citi **(the" Inventory Intermediation Agreement")** in which Citi purchases a substantial portion of the crude oil and refined products for three of our refineries' inventory at market prices. We are obligated to repurchase from Citi all volumes upon expiration or earlier termination of this agreement, which may have a material adverse impact on our liquidity, working capital and financial condition. Termination of our Inventory Intermediation Agreement with Citi, which is scheduled to expire in ~~December~~ **January** ~~2024~~ **2026**, would require us to finance the products covered by the agreement at terms that may not be favorable. The availability of capital will depend upon several factors, some of which are beyond our control. In addition, if we are not able to sell our finished products to **creditworthy** ~~credit worthy~~ customers, then we may be subject to delays in the collection of our accounts receivable and exposure to additional credit risk. If we cannot obtain sufficient capital, when the need arises, then we may be unable to execute our long- term operating strategy. If there is negative publicity concerning our brand names or the brand names of our suppliers, fuel and merchandise sales in our retail segment may suffer. Negative publicity, regardless of whether the concerns are valid, concerning food, beverage, fuel or other product quality, ~~food, beverage or other product~~ safety or other health concerns, facilities, employee relations or other matters may materially and adversely affect demand for products offered at our stores and could result in a decrease in customer traffic to our stores. We offer food products in our stores that are marketed under our brand names and certain nationally recognized brands. These nationally recognized brands have significant operations at facilities owned and operated by third parties and negative publicity concerning these brands as a result of events that occur at facilities that we do not control could also adversely affect customer traffic to our stores. Additionally, we may be the subject of complaints or litigation arising from food or beverage- related illness or injury in general which could have a negative impact on our business. Health concerns, poor food, beverage, fuel or other product quality or operating issues stemming from one store or a limited number of stores ~~can~~ **could** materially and adversely affect the operating results of some or all of our stores and harm our proprietary brands. Wholesale cost increases, vendor pricing programs and tax increases applicable to tobacco products, as well as campaigns to discourage their use, could adversely impact our results of operations in our retail segment. Increases in the retail price of tobacco products as a result of increased taxes or wholesale costs could materially impact our cigarette sales volume and / or revenues, merchandise gross profit and overall customer traffic. Cigarettes are subject to substantial and increasing excise taxes at both a state and federal level. In addition, national and local campaigns to discourage the use of tobacco products may have an adverse effect on demand for these products. A reduction in cigarette sales volume and / or revenues, merchandise gross profit from tobacco products or overall customer demand for tobacco products could have a material adverse effect on the business, financial condition and results of operations of our retail segment. ~~49 |~~ In addition, major cigarette manufacturers currently offer substantial rebates to us; however, there can be no assurance that such rebate programs will continue. We include these rebates as a component of our gross margin from sales of cigarettes. In the event these rebates are decreased or eliminated, or we fail to earn the rebates, our wholesale cigarette costs will increase. For example, certain major cigarette manufacturers have offered rebate programs that provide rebates only if we follow the manufacturer' s retail pricing guidelines. If we do not receive the rebates, because we do not participate in the program or if the rebates we receive by participating in the program do not offset or surpass the revenue lost as a result of complying with the manufacturer' s pricing guidelines, our cigarette gross margin will be adversely impacted. In general, we attempt to pass wholesale price increases on to our customers. However, competitive pressures in our markets may adversely impact our ability to do so. In addition, reduced retail display allowances on cigarettes offered by cigarette manufacturers negatively impact gross margins. These factors could materially impact our retail price of cigarettes, cigarette sales volume and / or revenues, merchandise gross profit and overall customer traffic, which could in turn have a material adverse effect on our business, financial condition and results of operations. Our insurance policies historically do not cover all losses, costs or liabilities that we may experience, and insurance companies that currently insure companies in the energy industry may cease to do so or substantially increase premiums. We carry property, business interruption, pollution, casualty and cyber insurance, but we do not maintain insurance coverage against all potential losses, costs or liabilities. We could suffer losses for uninsurable, or uninsured, risks or in amounts in excess of existing insurance coverage. In addition, we purchase insurance programs with large self- insured retentions and large deductibles. For example, we retain a short period of our business interruption losses. Therefore, a significant part, or all, of a business interruption loss or other types of loss could be retained by us. The occurrence of a loss that is retained by us, or not fully covered by insurance, could have a material adverse effect on our business, financial condition and results of operations. **43 |** The energy industry is highly capital intensive, and the entire or partial loss of individual facilities or multiple facilities can result in significant costs to both energy industry companies, such as us, and their insurance carriers. Events which could result in such losses, and in some cases already have impacted our operations, include unplanned maintenance requirements, catastrophic events such as fire, mechanical breakdown, explosion, or contamination, natural disasters and orders issued by environmental authorities. Historically, large energy industry claims have resulted in significant increases in the level of premium costs and deductible periods for participants in the energy industry. For example, hurricanes have caused significant damage to energy companies operating along the Gulf Coast, in addition to numerous oil and gas production facilities and pipelines in that region. Insurance companies that have historically participated in underwriting energy- related risks may discontinue that practice, may reduce the insurance capacity they are willing to offer or demand significantly higher premiums or deductible periods to cover these risks. If we experience significant claims, or if there are significant changes in the number, or financial solvency, of insurance underwriters available to 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 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. As a result of market conditions and our claims history, premiums and deductibles for our insurance policies have increased, and some of our insurers have declined to renew policies. In the future, certain insurance could become unavailable or available only for reduced amounts of coverage, or we may determine that premium costs, in our judgment, do not justify such expenditures and instead increase our self- insurance. The unavailability of full insurance coverage to cover events in which we suffer significant losses could have a material adverse effect on our business, financial condition and results of operations. Our ongoing study of strategic options to unlock and enhance stockholder value pose additional risks to our business. Our board of directors, with the assistance of outside advisors, is evaluating a wide range of strategies for the Company to unlock and enhance stockholder value. This process, including any uncertainty created by this process, involves a number of risks which could impact our business and our stockholders, including the following: • significant fluctuations in our stock price could occur in response to developments relating to the process or market speculation regarding any such developments; • we may encounter difficulties in hiring, retaining and motivating key personnel during this process or as a result of uncertainties generated by this process or any developments or actions relating to it; • we may incur substantial increases in general and administrative expense associated with increased legal fees and the need to retain and compensate third- party advisors; and • we may experience difficulties in preserving the commercially sensitive information that may need to be disclosed to third parties during this process or in connection with an assessment of our strategic alternatives. The review process also requires significant time and attention from management, which could distract them from other tasks in operating our business or otherwise disrupt our business. Such disruptions could cause concern to our customers, strategic partners or other constituencies and may have a material impact on our business and operating results and volatility in our share price. There can be no assurance that this process will result in the pursuit or consummation of any potential transaction or strategy, or that any such potential transaction or strategy, if implemented, will provide greater value to our stockholders than that reflected in the price of our common stock. Any outcome of this process would be dependent upon a number of factors that may be beyond our control, including, among other ~~50 |~~ things, market conditions, industry trends, regulatory approvals, and the availability of financing on reasonable terms.. The occurrence of any one or more of the above risks could have a material adverse impact on our business, financial condition, results of operations and cash flows. We may not be able to successfully execute our strategy of growth through acquisitions. A significant part of our growth strategy is to acquire assets, such as refineries, pipelines, terminals, and retail fuel and convenience stores that complement our existing assets and / or broaden our geographic presence. If attractive opportunities arise, we may also acquire assets in new lines of business that are complementary to our existing businesses. In the past we have acquired refineries, and we have developed our logistics segment through the acquisition of transportation and marketing assets. We expect to continue to acquire assets that complement our existing assets and / or broaden our geographic presence as a major element of our growth strategy. However, the occurrence of any of the following factors could adversely affect our growth strategy: • We may not be able to identify suitable acquisition candidates or acquire additional assets on favorable terms; • We usually compete with others to acquire assets, which competition may increase, and any level of competition could result in decreased availability or increased prices for acquisition candidates; • We may experience difficulty in anticipating the timing and availability of acquisition candidates; • We may not be able to obtain the necessary financing, on favorable terms or at all, to finance any of our potential acquisitions; and • As a public company, we are subject to reporting obligations, internal controls and other accounting requirements with respect to any business we acquire, which may prevent or negatively affect the valuation of some acquisitions we might otherwise deem favorable or increase our acquisition costs. **44 |** Acquisitions involve risks that could cause our actual growth or operating results to differ adversely compared with our expectations. Due to our emphasis on growth through acquisitions, we are particularly susceptible to transactional risks that could cause our actual growth or operating results to differ adversely compared with our expectations. For example: • during the acquisition process, we may fail, or be unable, to discover some of the liabilities of companies or businesses that we acquire; • we may assume contracts or other obligations in connection with particular acquisitions on terms that are less favorable or desirable than the terms that we would expect to obtain if we negotiated the contracts or other obligations directly; • we may fail to successfully integrate or manage acquired assets; • acquired assets may not perform as we expect, or we may not be able to obtain the cost savings and financial improvements we anticipate; • acquisitions may require us to incur additional debt or issue additional equity; • acquired assets may suffer a diminishment in fair value as a result of which we may need to record a write- down or impairment; • we may fail to grow our existing systems, financial controls, information systems, management resources and human resources in a manner that effectively supports our growth; • to the extent that we acquire assets in new lines of business, we may become subject to additional regulatory requirements and additional risks that are characteristic or typical of these lines of business; and • to the extent that we acquire equity interests in entities that control assets (rather than acquiring the assets directly), we may become subject to liabilities that predate our ownership and control of the assets. The occurrence of any of these factors could materially and adversely affect our business, financial condition or results of operations. Our future results will suffer if we do not effectively manage our expanded operations. The size and scope of operations of our business have increased. In addition, we may continue to expand our size and operations through additional acquisitions or other strategic transactions. Our future success depends, in part, upon our ability to manage our expanded business, which may pose substantial challenges for management, including challenges related to the management and monitoring of new operations including, without limitation, integrating new operations with those of our existing business, managing the increased scope or geographic diversity of our expanded business, and associated increased costs and complexity. There can be no assurance that we will be successful, or that we will realize the expected economies of scale, synergies and other benefits anticipated from any additional acquisitions or strategic transactions. We may incur significant costs and liabilities with respect to investigation and remediation of environmental conditions at our facilities. Prior to our purchase of our refineries, pipelines, terminals and other facilities, the previous owners had been engaged for many years in the investigation and remediation of hydrocarbons and other materials which contaminated soil and groundwater. Upon purchase of the facilities, we became responsible and liable for certain costs associated with the continued investigation and remediation of known and unknown impacted areas at the facilities. In the future, it may be necessary to conduct further assessments and remediation efforts at impacted areas at our facilities and elsewhere. In addition, we have identified and self- reported certain other environmental matters subsequent to our purchase of our facilities. Based upon environmental evaluations performed internally and by third parties, we recorded and periodically update environmental liabilities and accrued amounts we believe are sufficient to complete remediation. We expect remediation at some properties to continue for the ~~51 |~~ foreseeable future. The need to make future expenditures for these purposes that exceed the amounts for which we estimated and accrued could have a material adverse effect on our business, financial condition and results of operations. In addition, Alon indemnified certain parties, to which they sold assets, for costs and liabilities that may be incurred as a result of environmental conditions existing at the time of such sales. As a result of our purchase of Alon, if we are forced to incur costs or pay liabilities in connection with these indemnification obligations, such costs and payments could be significant. **45 |** In the future, we may incur substantial expenditures for investigation or remediation of contamination that has not been discovered at our current or former locations or locations that we may acquire, or at third party sites where hazardous substances from these locations may have been treated or disposed. Our handling and storage of petroleum and hazardous substances may lead to additional contamination at our facilities or along our pipelines and at facilities to which we send or have sent wastes or by- products for treatment or disposal. In addition, new legal requirements, new interpretations of existing legal requirements, increased legislative activity and governmental enforcement and other developments could require us to make additional unforeseen expenditures. As a result, we may be subject to additional investigation and remediation costs, governmental penalties and third- party suits alleging personal injury and property damage. Liabilities for future remediation costs are recorded when environmental assessments and / or remedial efforts are probable and costs can be reasonably estimated as material. Other than for assessments, the timing and magnitude of these accruals generally are based on the completion of investigations or other studies or a commitment to a formal plan of action. We could incur substantial costs or disruptions in our business if we cannot obtain or maintain necessary permits and authorizations or otherwise comply with health, safety, environmental and other laws and regulations. Our operations require numerous permits and authorizations under various laws and regulations. These authorizations and permits are subject to revocation, renewal or modification, and can require operational changes to limit impacts or potential impacts on the environment and / or health and safety. A violation of authorization or permit conditions or other legal or regulatory requirements could result in substantial fines, criminal sanctions, permit revocations, injunctions and / or facility shutdowns. In addition, major modifications of our operations could require modifications to our existing permits or upgrades to our existing pollution control equipment. Any, or all, of these matters could have a negative effect on our business, results of operations and cash flows. Our Tyler refinery currently primarily distributes refined petroleum products via truck or rail. We do not have the ability to distribute these products into markets outside our local market via pipeline. Unlike most refineries, the Tyler refinery currently has limited ability to distribute refined products outside its local market in northeast Texas due to a lack of pipeline assets connecting the facility to other markets. While, in recent years, we have expanded our refined product distribution capabilities in northeast Texas through the use of transloading facilities enabling the shipment of products by rail to distant markets, including Mexico and through our acquisition of refined product terminals in Big Sandy and Mt. Pleasant, Texas, this limited ability may limit the refinery' s ability to increase the production of petroleum products, attract new customers for its refined petroleum products or increase sales of products from the refinery. In addition, if demand for petroleum products diminishes in northeast Texas, the refinery may be required to reduce production levels and our financial results may be adversely affected. An increase in competition, and / or reduction in demand in the markets in which we purchase feedstocks and sell our refined products, could increase our costs and / or lower prices and adversely affect our sales and profitability. Certain of our refineries operate in localized or niche markets. If competitors commence operations within these niche markets, we could lose our niche market advantage, which could have a material adverse effect on our business, financial condition and results of operations. Additionally, where feedstocks are purchased in a localized market, disruptions in supply channels could significantly impact our ability to meet production demands in those facilities. In addition, the maintenance, or replacement, of our existing customers depends on a number of factors outside of our control, including increased competition from other suppliers and demand for refined products in the markets we serve. The market for distribution of wholesale motor fuel is highly competitive and fragmented. Some of our competitors have significantly greater resources and name recognition than us. The loss of major customers, or a reduction in amounts purchased by major customers, for any reason including, but not limited to, a desire to purchase competing products with lower emissions, could have a material adverse effect on us to the extent that we are not able to correspondingly increase sales to other purchasers. Compliance with and changes in tax laws could adversely affect our performance. We are subject to extensive tax liabilities, including federal and state income taxes and transactional taxes, such as excise, sales / use, payroll, franchise, withholding and ad valorem taxes. New tax laws and regulations, and changes in existing tax laws and regulations, are continuously being enacted or proposed that could result in increased expenditures for tax liabilities in the future. Certain of these liabilities are subject to periodic audits by the respective taxing authority, which could increase or otherwise alter our tax liabilities. Though we have applied reasonable interpretations and assumptions in determining our tax liabilities, it is possible that the Internal Revenue Service (" IRS") could issue subsequent guidance or take positions on audit that differ from our prior interpretations and assumptions, which could adversely impact our cash tax liabilities, results of operations, and financial condition. Subsequent changes to our tax liabilities as a result of these audits may also subject us to interest and penalties, and could have a material adverse effect on our business, financial condition and results of operations. ~~52~~ **46** | For example, the tax treatment of our logistics segment depends on its status as a partnership for federal income tax purposes. If a change in law, our failure to comply with existing law or other factors were to cause our logistics segment to be treated as a corporation for federal income tax purposes, it would become subject to entity- level taxation. As a result, our logistics segment would pay federal income tax on all of its taxable income at regular corporate income tax rates (subject to corporate alternative minimum tax for years ended prior to 2018), would likely pay additional state and local income taxes at varying rates, and distributions to unitholders, including us, would be generally treated as taxable dividends from a corporation. In such case, the logistics segment would likely experience a material reduction in its anticipated cash flow and after- tax return to its unitholders, and we would likely experience a substantial reduction in its value. Adverse weather conditions or other unforeseen developments could damage our facilities, reduce customer traffic and impair our ability to produce and deliver refined petroleum products or receive supplies for our retail fuel and convenience stores. The regions in which we operate are susceptible to severe storms, including hurricanes, thunderstorms, tornadoes, floods, extended periods of rain, ice storms and snow, all of which we have experienced in the past few years. In addition, for a variety of reasons, many members of the scientific community believe that climate changes are occurring that could have significant physical effects, such as increased frequency and severity of storms, droughts and floods and other climatic events. If any such effects were to occur, they could have an adverse effect on our assets and operations. Inclement weather conditions, earthquakes or other unforeseen developments could damage our facilities, interrupt production, adversely impact consumer behavior, travel and retail fuel and convenience store traffic patterns or interrupt or impede our ability to operate our locations. If such conditions prevail near our refineries, they could interrupt or undermine our ability to produce and transport products from our refineries and receive and distribute products at our terminals. Regional occurrences, such as energy shortages or increases in energy prices, fires and other natural disasters, could also hurt our business. The occurrence of any of these developments could have a material adverse effect on our business, financial condition and results of operations. Our operating results are seasonal and generally lower in the first and fourth quarters of the year for our refining and logistics segments and in the first quarter of the year for our retail segment. We depend on favorable weather conditions in the spring and summer months. Demand for gasoline, convenience merchandise and asphalt products are generally higher during the summer months than during the winter months due to seasonal increases in motor vehicle traffic and road and home construction. Varying vapor pressure requirements between the summer and winter months also tighten summer gasoline supply. As a result, the operating results of our refining segment and logistics segment are generally lower for the first and fourth quarters of each year. Seasonal fluctuations in traffic also affect sales of motor fuels and merchandise in our retail fuel and convenience stores. As a result, the operating results of our retail segment are generally lower for the first quarter of the year. Weather conditions in our operating area also have a significant effect on our operating results in our retail segment. Customers are more likely to purchase more gasoline and higher profit margin items such as fast foods, fountain drinks and other beverages during the spring and summer months. Unfavorable weather conditions during these months and a resulting lack of the expected seasonal upswings in traffic and sales could have a material adverse effect on our business, financial condition and results of operations. A substantial portion of the workforce at our refineries is unionized, and we may face labor disruptions that would interfere with our operations. As of December 31, ~~2022~~ **2023** , approximately 15 **. 1** % of our employees were represented by unions and / or covered by a collective bargaining agreement. None of our employees in our logistics segment, retail segment or in our corporate office are represented by a union. We consider our relations with our employees to be satisfactory. Although the collective bargaining agreements contain provisions to discourage strikes or work stoppages, we cannot assure that strikes or work stoppages will not occur. A strike or work stoppage could have a material adverse effect on our business, financial condition and results of operations. **47 |** We rely on information technology in our operations, and any material failure, inadequacy, interruption, cyber- attack or security failure of that technology could harm our business. We rely on information technology across our operations, including the control of our refinery processes, monitoring the movement of petroleum through our pipelines and terminals, the point of sale processing at our retail sites and various other processes and transactions. We utilize information technology systems and controls throughout our operations to capture accounting, technical and regulatory data for subsequent archiving, analysis and reporting. Disruption, failure, or cyber security breaches affecting or targeting our computer and telecommunications, our infrastructure, or the infrastructure of our cloud-based IT service providers may materially impact our business and operations. An undetected failure of these systems, because of power loss, unsuccessful transition to upgraded or replacement systems, unauthorized access or other cyber breach or attack could result in disruption to our business operations, access to or disclosure or loss of data and / or proprietary information, personal injuries and environmental damage, which could have an adverse effect on our business, reputation, and effectiveness. We could also be subject to resulting investigation and remediation costs as well as regulatory enforcement of private litigation and related costs, which could have a material adverse impact on our cash flow and results of operations. ~~53 |~~ We rely on commercially available systems, software, tools and monitoring to provide security for processing, transmission and storage of confidential customer information, such as payment card and personal credit information. In addition, the systems currently used for transmission and approval of payment card transactions, and the technology utilized in payment cards themselves, may put certain payment card data at risk. These standards for determining the required controls applicable to these systems are mandated by credit card issuers and administered by the Payment Card Industry Security Standards Council and not by us. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements. We have taken the necessary steps to comply with the Payment Card Industry Data Security Standards (" PCI- DSS") at all of our locations. However, compliance with these requirements may result in cost increases due to necessary systems changes and the development of new administrative processes. In recent years, several retailers have experienced data breaches, resulting in the exposure of sensitive customer data, including payment card information. A breach could also originate from, or compromise, our customers' and vendors' or other third- party networks outside of our control. Any compromise or breach of our information and payment technology systems could cause interruptions in our operations, damage our reputation, reduce our customers' willingness to visit our sites and conduct business with them, or expose us to litigation from customers or sanctions for violations of the PCI- DSS. In addition, a compromise of our internal data network at any of our refining or terminal locations may have disruptive impacts similar to that of our retail operations. These disruptions could range from inconvenience in accessing business information to a disruption in our refining operations. The increase in companies and individuals working remotely has increased the frequency and scope of cyber- attacks and the risk of potential cybersecurity incidents, both deliberate attacks and unintentional events. Despite our security measures, we experience attempts by external parties to penetrate and attack our networks and systems. Although such attempts to date have not, to our knowledge, resulted in any material breaches, disruptions, or loss of business- critical information, our systems and procedures for protecting against such attacks and mitigating such risks may prove to be insufficient in the future and such attacks could have an adverse impact on our business and operations, including damage to our reputation and competitiveness, remediation costs, litigation or regulatory actions. In addition, as technologies evolve, and cyber- attacks become more sophisticated, we may incur significant costs to upgrade or enhance our security measures to protect against such attacks and we may face difficulties in fully anticipating or implementing adequate preventive measures or mitigating potential harm. We could also be liable under laws that protect the privacy of personal information, subject to regulatory penalties, experience damage to our reputation or a loss of consumer confidence, or incur additional costs for remediation and modification or enhancement of our information systems to prevent future occurrences, all of which could adversely affect our reputation, business, operations or financial results. If we lose any of our key personnel, our ability to manage our business and continue our growth could be negatively impacted. Our future performance depends to a significant degree upon the continued contributions of our senior management team and key technical personnel. We do not currently maintain key person life insurance policies for any 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 would be required to hire other personnel to manage and operate our company and to develop our products and technology. We cannot assure that we would be able to locate or employ such qualified personnel on acceptable terms or at all. If we are, or become, a U. S. real property holding corporation, special tax rules may apply to a sale, exchange or other disposition of common stock, and non- U. S. holders may be less inclined to invest in our stock, as they may be subject to U. S. federal income tax in certain situations. A non- U. S. holder of our common stock may be subject to U. S. federal income tax with respect to gain recognized on the sale, exchange or other disposition of our common stock if we are, or were, a" U. S. real property holding corporation" (" USRPHC") at any time during the shorter of the five- year period ending on the date of the sale or other disposition and the period such non- U. S. holder held our common stock (the shorter period referred to as the" lookback period"). In general, we would be a USRPHC if the fair market value of our" U. S. real property **48 |** interests," as such term is defined for U. S. federal income tax purposes, equals or exceeds 50 % of the sum of the fair market value of our worldwide real property interests and our other assets used or held for use in a trade or business. The test for determining USRPHC status is applied on certain specific determination dates and is dependent upon a number of factors, some of which are beyond our control (including, for example, fluctuations in the value of our assets). If we are or become a USRPHC, so long as our common stock is regularly traded on an established securities market such as the NYSE, only a non- U. S. holder who, actually or constructively, holds or held during the lookback period more than five percent of our common stock will be subject to U. S. federal income tax on the disposition of our common stock. ~~54 |~~ Loss of or reductions to tax incentives for biodiesel production may have a material adverse effect on earnings, profitability and cash flows relating to our renewable fuels facilities. The biodiesel industry has historically been substantially aided by federal and state tax incentives. One tax incentive program that has been significant to our renewable fuels facilities is the federal blender' s tax credit. The blender' s tax credit (or biodiesel tax credit **, B100**) provides a $ 1. 00 refundable tax credit per gallon of pure biodiesel **with an increase to $ 1. 25 beginning January 1** , **2023** ~~or B100~~ , to the first blender of biodiesel with petroleum- based diesel fuel. The blender' s tax credit has expired on several occasions, only to be reinstated on a retroactive basis. The blender' s tax credit was ~~re- enacted in~~ **originally set to expire** December **31,** ~~2019 for the years 2020~~ **2022 , but was extended** through **December 31,** ~~2022~~ **2024** ~~and was retroactively reinstated for 2018 and 2019. See Note 4 of the consolidated financial statements included in Item 8. Financial Statements and Supplementary Data, of this Annual Report on Form 10- K for further information regarding the extension of this tax credit~~ . It is uncertain what action, if any, Congress may take with respect to enacting or reinstating the blender' s tax credit beyond ~~2022~~ **2024** or when such action might be effective. If Congress does not enact or reinstate the credit for future years, it may result in a material adverse effect on the earnings, profitability and cash flows relating to our renewable fuels facilities. Our business requires us to make significant capital expenditures and to maintain and improve our refineries, logistics assets, and retail locations. Our business is capital intensive and asset heavy. Our refineries, logistics assets, including pipelines, distribution terminals, tractors, trailers and tankage, and retail locations require us to make significant capital expenditures and to incur substantial costs maintaining and improving such assets. Our cash from operations and existing financing arrangements may not be sufficient to fund our capital requirements and we may not be able to obtain additional financing on terms acceptable to us, or at all. Our inability to fund such capital expenditures, maintenance or improvements, or decision to cancel, delay or defer such projects, could increase the costs of repairing or replacing such assets (subject to reserved funds to cover certain of these costs), increase the costs or delays associated with turnaround activities in our refining segment and other maintenance, place us at a competitive disadvantage, increase the costs of **insurance coverage and** regulatory compliance, limit our ability to develop, market and sell new products and invest in new technologies, and decrease the amount of funds available for future acquisitions or cash available for distributions, all of which could have a material adverse effect on our business, financial condition and results of operations. ~~In~~ **At times in** light of our ~~recent~~ operating results and liquidity needs, we have cancelled, delayed, or deferred certain capital expenditures, maintenance and improvements. Our need to incur costs associated with the commencement of such capital expenditures, maintenance, and improvements may be substantial and could have a material adverse effect on our business, financial condition and results of operations. Our business is subject to complex and evolving laws, regulations and security standards regarding privacy, cybersecurity and data protection (" data protection laws "). Many of these data protection laws are subject to change and uncertain interpretation, and could result in claims, changes to our business practices, monetary penalties, increased cost of operations or other harm to our business. The constantly evolving regulatory and legislative environment surrounding data privacy and protection poses increasingly complex compliance challenges, and complying with such data protection laws could increase the costs and complexity of compliance. While we do not collect significant amounts of personal information from consumers, we do have personal information from our employees, job applicants and some business partners, such as contractors and distributors. Any failure, whether real or perceived, by us to comply with applicable data protection laws 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 emerging 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. In the second quarter of 2021, the Department of Homeland Security' s Transportation Security Administration (" TSA ") announced two new security directives. These directives require critical pipeline owners 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 critical infrastructure security vulnerabilities and report any cyber incidents to the applicable regulatory authorities. Any failure to remain in compliance with these government regulations may ~~results~~ - **result** in enforcement actions which may have a material adverse effect on our business and operations. If our cost efficiency measures are not successful, we may become less competitive. We continue to focus on minimizing operating expenses through cost improvements and simplification of our corporate structure. We may experience delays or unanticipated costs in implementing our cost efficiency plans, which could prevent the timely or full achievement of expected cost efficiencies and adversely affect our competitive position. **49 |** Risks Related to Ownership of Our Common Stock The price of our common stock may fluctuate significantly, and you could lose all or part of your investment. The market price of our common stock may be influenced by many factors, some of which may be beyond our control, including: ~~55 |~~ • our quarterly or annual earnings, or those of other companies in our industry; • inaccuracies in, and changes to, our previously published quarterly or annual earnings; • changes in accounting standards, policies, guidance, interpretations or principles; • economic conditions within our industry, as well as general economic and stock market conditions; • the failure of securities analysts to cover our common stock, or the cessation of such coverage; • changes in financial estimates by securities analysts and the frequency and accuracy of such reports; • future issuance or sales of our common stock; • announcements by us or our competitors of significant contracts or acquisitions; • sales of common stock by our senior officers or our affiliates; and • the other factors described in these" Risk Factors." In recent years, the stock market in general, and the market for energy companies in particular, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of those companies. This volatility has had a significant impact on the market price of securities issued by many companies, including companies in our industry. The trading price of Delek common stock has been volatile over the past three years. The changes often occur without any apparent regard to the operating performance of these companies, and these fluctuations could materially reduce our stock price. Stockholder activism may negatively impact the price of our common stock. Our stockholders may from time to time engage in proxy solicitations, advance stockholder proposals or otherwise attempt to effect changes or acquire control over us. Campaigns by stockholders to effect changes at publicly traded companies are sometimes led by investors seeking to increase short- term stockholder value through actions such as financial restructuring, increased debt, special dividends, stock repurchases or sales of assets or the entire company. Responding to proxy contests and other actions by activist stockholders can be costly and time- consuming, disrupting our operations and diverting the attention of our Board of Directors and senior management from the pursuit of business strategies. If individuals are elected or appointed to our Board of Directors who do not agree with our strategic plans, it may adversely affect the ability of our Board of Directors to function effectively and our ability to effectively and timely implement our strategic plans and create additional value for our stockholders. As a result, stockholder campaigns could adversely affect our results of operations, financial condition and cash flows ~~. In January 2021, CVR Energy, Inc. (" CVR Energy") (an affiliate of IEP Energy Holding LLC), the owner (at that time) of approximately 15 % of our outstanding common stock, proposed three director candidates to be considered at our 2021~~

~~Annual Meeting. CVR Energy also proposed a series of operational and strategic changes to our business. On May 6, 2021, our stockholders rejected CVR Energy' s director candidates and voted to elect all eight of Delek' s nominees. As a result of the contested director election, we incurred significant costs during 2021~~ . In February 2022, IEP Energy Holding LLC and certain of its affiliates (but not including CVR Energy) proposed three director candidates to be considered at our 2022 Annual Meeting. All three of these proposed director candidates were rejected by our stockholders. In March 2022, we entered into a stock purchase and cooperation agreement with IEP Energy Holding LLC and certain of its affiliates, pursuant to which we agreed to purchase an aggregate of 3, 497, 268 shares of our common stock, at a price per share of $ 18. 30, which equals an aggregate purchase price of $ 64. 0 million. Any perceived uncertainties as to our future direction and control, our ability to execute on our strategy, or changes to the composition of our board of directors or senior management team arising from future proposals from stockholders could lead to the perception of a change in the direction of our business or instability which may be exploited by our competitors, result in the loss of potential business opportunities, and make it more difficult to pursue our strategic initiatives or attract and retain qualified personnel and business partners, any of which could have an adverse effect, which may be material, on our business and operating results. In addition, actions such as those described above could cause significant fluctuations in the trading prices of our common stock based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. Likewise, to the extent that we implement any proposals made by any of our shareholders, the resulting changes in our business, assets, results of operations and financial condition could be material and could have an impact, which may be material, on the market price of our common stock. Future sales of shares of our common stock could depress the price of our common stock, and could result in substantial dilution to our stockholders. We may sell securities in the public or private equity markets, regardless of our need for capital, and even when conditions are not otherwise favorable. The market price of our common stock could decline as a result of the introduction of a large number of shares of our common stock into the market or the perception that these sales could occur. Sales of a large number of shares of our common stock, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. ~~56~~ **50** | Our stockholders will suffer dilution if we issue currently unissued shares of our stock or sell our treasury holdings in the future. Our stockholders will also suffer dilution as stock, restricted stock units, stock options, stock appreciation rights, warrants or other equity awards, whether currently outstanding or subsequently granted, are exercised. We depend upon our subsidiaries for cash to meet our obligations and pay any dividends. We are a holding company. Our subsidiaries conduct substantially all of our operations and own substantially all of our assets. Consequently, our cash flow and our ability to meet our obligations or pay dividends to our stockholders depend upon the cash flow of our subsidiaries and the payment of funds by our subsidiaries to us in the form of dividends, distributions, tax sharing payments or otherwise. Our subsidiaries' ability to make any payments will depend on many factors, including general economic conditions, their earnings, cash flows, the terms of any applicable credit facilities, tax considerations and legal restrictions. We may be unable to pay future regular dividends in the anticipated amounts and frequency set forth herein. We will only be able to pay regular dividends from our available cash on hand and funds received from our subsidiaries. Our ability to receive dividends and other cash payments from our subsidiaries may be restricted under the terms of any applicable credit facilities. For example, under the terms of their credit facilities, Delek Logistics and its subsidiaries are subject to certain customary covenants that limit their ability to, subject to certain exceptions as defined in their respective credit agreements, remit cash to, distribute assets to, or make investments in us as the parent company. Specifically, these covenants limit the payment, in the form of cash or other assets, of dividends or other cash payments to us. We are not obligated to declare or pay any dividend. Any future declaration, amount and payment of dividends will be at the sole discretion of our Board of Directors and will depend upon many factors, including our results of operations, financial condition, earnings, capital requirements, restrictions in our debt agreements and legal requirements. Although we currently intend to pay regular quarterly cash dividends on our common stock, we cannot provide any assurances that any regular dividends will be paid in the anticipated amounts and frequency set forth herein, if at all. As a result, if our Board of Directors does not declare or pay dividends, a shareholder may not receive any return on an investment in our common stock unless they sell our common stock for a price greater than that which they paid for it. Provisions of Delaware law and our organizational documents may discourage takeovers and business combinations that our stockholders may consider in their best interests, which could negatively affect our stock price. Provisions of Delaware law, our Amended and Restated Certificate of Incorporation and our Amended and Restated Bylaws may have the effect of delaying or preventing a change in control of our company or deterring tender offers for our common stock that other stockholders may consider in their best interests. For example, our Amended and Restated Certificate of Incorporation provides that: • stockholder actions may only be taken at annual or special meetings of stockholders; • members of our Board of Directors can be removed with or without cause by a supermajority vote of stockholders; • the Court of Chancery of the State of Delaware is, with certain exceptions, the exclusive forum for certain legal actions; • our bylaws, as may be in effect from time to time, can be amended only by a supermajority vote of stockholders; and • certain provisions of our certificate of incorporation, as may be in effect from time to time, can be amended only by a supermajority vote of stockholders. In addition, our Amended and Restated Certificate of Incorporation authorizes us to issue up to 10, 000, 000 shares of preferred stock in one or more different series, with terms to be fixed by our Board of Directors. Stockholder approval is not necessary to issue preferred stock in this manner. Issuance of these shares of preferred stock could have the effect of making it more difficult and more expensive for a person or group to acquire control of us and could effectively be used as an anti- takeover device. On the date of this report, no shares of our preferred stock are outstanding. Finally, our Amended and Restated Bylaws provide for an advance notice procedure for stockholders to nominate director candidates for election or to bring business before an annual meeting of stockholders and require that special meetings of stockholders be called only by our chairman of the Board of Directors, president or secretary after written request of a majority of our Board of Directors. The advance notice provision requires disclosure of derivative positions, hedging transactions, short interests, rights to dividends and other similar positions of any stockholder proposing a director nomination, in order to promote full disclosure of such stockholder' s economic interest in us. The anti- takeover provisions of Delaware law and provisions in our organizational documents may prevent our stockholders from receiving the benefit from any premium to the market price of our common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging takeover attempts in the future. ~~57~~ **51** | Financial Instrument and Credit Profile Risks Changes in our credit profile could affect our relationships with our suppliers, which could have a material adverse effect on our liquidity and our ability to operate our refineries at full capacity. Changes in our credit profile could affect the way crude oil, feedstock and refined product suppliers view our ability to make payments. As a result, suppliers could shorten the payment terms of their invoices with us, or require us to provide significant collateral to them that we do not currently provide. Due to the large dollar amounts and volume of our crude oil and other petroleum product purchases, as well as the historical volatility of crude oil pricing, any imposition by our suppliers of more burdensome payment terms, or collateral requirements, 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 capacities. A failure to operate our refineries at desired capacities could adversely affect our profitability and cash flows. Our commodity and interest rate derivative activity may limit potential gains, increase potential losses, result in earnings volatility and involve other risks. At times, we enter into commodity derivative contracts to manage our price exposure to our inventory positions, future purchases of crude oil, ethanol and other feedstocks, future sales of refined products, manage our RINs exposure or to secure margins on future production. At times **,** we also enter into interest rate swap and cap agreements to manage our market exposure to changes in interest rates related to our floating rate borrowings. We expect to continue to enter into these types of transactions from time to time and have increased our use of commodity risk management activities in recent years. While these transactions are intended to limit our exposure to the adverse effects of fluctuations in crude oil prices, refined products prices, RIN prices and interest rates, they may also limit our ability to benefit from favorable changes in market conditions, and may subject us to period- by- period earnings volatility in the instances where we do not seek hedge accounting for these transactions. Further, depending on the volume of commodity derivative activity as compared to our actual use of crude oil, production of refined products or total RINs exposure, our risk management activity may only partially limit our exposure to market volatility. Also, in connection with such derivative transactions, we may be required to make cash payments or provide letters of credit to maintain margin accounts and to settle the contracts at their value upon termination. Finally, this activity exposes us to potential risk of counterparties to our derivative contracts failing to perform under the contracts. As a result, the effectiveness of our risk management policies could have a material adverse impact on our business, results of operations and cash flows. For additional information about the nature and volume of these transactions, see Item 7A. Quantitative and Qualitative Disclosures about Market Risk, of this Annual Report on Form 10- K. Additionally, it continues to be a strategic and operational objective to manage supply risk related to crude oil that is used in refinery production, and to develop strategic sourcing relationships. For that purpose, we often enter into purchase and sale contracts with vendors and customers or take physical or financial commodity positions for crude oil that may not be used immediately in production, but that may be used to manage the overall supply and availability of crude expected to ultimately be needed for production and / or to meet minimum requirements under strategic pipeline arrangements, and also to optimize and hedge availability risks associated with crude that we ultimately expect to use in production. Such transactions are inherently based on certain assumptions and judgments made about the current and possible future availability of crude. Therefore, when we take physical or financial positions for optimization purposes, our intent is generally to take offsetting positions in quantities and at prices that will advance these objectives while minimizing our positional and financial statement risk. However, because of the volatility of the market in terms of pricing and availability, it is possible that we may have material positions with timing differences or, more rarely, that we are unable to cover a position with an offsetting position as intended. Also, in connection with such transactions, we may be required to make cash payments or provide letters of credit to maintain margin accounts and to settle the contracts at their value upon termination. Finally, this activity exposes us to potential risk of counterparties to our derivative contracts failing to perform under the contracts. As a result of the risks described above, the effectiveness of our risk management policies over these types of transactions and positions could have a material adverse impact on our business, results of operations and cash flows. For additional information about the nature and volume of these transactions, see Item 7A. Quantitative and Qualitative Disclosures about Market Risk, and Note 11 of our consolidated financial statements included in Item 8. Financial Statements and Supplementary Data, of this Annual Report on Form 10- K. We are exposed to certain counterparty risks which may adversely impact our results of operations. We evaluate the creditworthiness of each of our various counterparties, but we may not always be able to fully anticipate or detect deterioration in a counterparty' s creditworthiness and overall financial condition. The deterioration of creditworthiness or overall financial condition of a material counterparty (or counterparties) could expose us to an increased risk of nonpayment or other default under our contracts with them. If a material counterparty (or counterparties) defaults on their obligations to us, this could materially adversely affect our financial condition, results of operations or cash flows. For example, under the terms of the Inventory Intermediation Agreement with Citi, we grant Citi the exclusive right to store and withdraw crude and certain products in the tanks associated with the refineries. This agreement also provides that the ownership of substantially all crude oil and certain other refined products in the tanks associated with these refineries will be retained by Citi, and that Citi will purchase substantially all of the specified refined products processed at these refineries. An adverse change in Citi' s business, results of operations, liquidity or financial condition could adversely affect its ability to timely discharge its obligations to us, which could consequently have a material adverse effect on our business, results of operations or liquidity. ~~58~~ **52** | From time to time, our cash and credit needs may exceed our internally generated cash flow and available credit, and our business could be materially and adversely affected if we are not able to obtain the necessary cash or credit from financing sources. We have significant short- term cash needs to satisfy working capital requirements, such as crude oil purchases which fluctuate with the pricing and sourcing of crude oil. We rely in part on our access to credit to purchase crude oil for our refineries. If the price of crude oil increases significantly, we may not have sufficient available credit, and may not be able to sufficiently increase such availability, under our existing credit facilities or other arrangements, to purchase enough crude oil to operate our refineries at desired capacities. Our failure to operate our refineries at desired capacities could have a material adverse effect on our business, financial condition and results of operations. We also have significant long- term needs for cash, including any capital expenditures for growth projects, sustaining maintenance, as well as projects necessary for regulatory compliance. Depending on the conditions in the credit markets, it may become more difficult to obtain cash or credit from third- party sources **including the use of RINs financing arrangements and funded letters of credit** . If we cannot generate cash flow or otherwise secure sufficient liquidity to support our short- term and long- term capital requirements, we may not be able to comply with regulatory deadlines or pursue our business strategies, in which case our operations may not perform as well as we currently expect. Our debt levels may limit our flexibility in obtaining additional financing and in pursuing other business opportunities. As of December 31, ~~2022~~ **2023** , we had total debt of $ **2, 657.** 3 ~~, 053. 7~~ million, including current maturities of $ ~~74~~ **44** . 5 million. In addition to our outstanding debt, as of December 31, ~~2022~~ **2023** , our letters of credit issued under our various credit facilities were $ ~~287~~ **305** . ~~4~~ **5** million. Our borrowing availability under our various credit facilities as of December 31, ~~2022~~ **2023** was $ ~~542.~~ 1 **, 084. 0** million. Our level of debt could have important consequences for us. For example, it could: • increase our vulnerability to general adverse economic and industry conditions; • require us to dedicate a substantial portion of our cash flow from operations to service our debt and lease obligations, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; • limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate; • place us at a disadvantage relative to our competitors that have less indebtedness or better access to capital by, for example, limiting our ability to enter into new markets, upgrade our fixed assets or pursue acquisitions or other business opportunities; • limit our ability to borrow additional funds in the future; and • increase interest costs for our borrowed funds and letters of credit. In addition, a substantial portion of our debt has a variable rate of interest, which increases our exposure to interest rate fluctuations, to the extent we elect not to hedge such exposures. If we are unable to meet our principal and interest obligations under our debt and lease agreements, we could be forced to restructure or refinance our obligations, seek additional equity financing or sell assets, which we may not be able to do on satisfactory terms or at all. Our default on any of those agreements could have a material adverse effect on our business, financial condition and results of operations. In addition, if new debt is added to our current debt levels, the related risks that we now face could intensify. Our debt agreements contain operating and financial restrictions that might constrain our business and financing activities. The operating and financial restrictions and covenants in our credit facilities and any future financing agreements could adversely affect our ability to finance future operations or capital needs or to engage in, expand or pursue our business activities. For example, to varying degrees our credit facilities restrict our ability to: • declare dividends and redeem or repurchase capital stock; • prepay, redeem or repurchase debt; • make loans and investments, issue guaranties and pledge assets; • incur additional indebtedness or amend our debt and other material agreements; • make capital expenditures; • engage in mergers, acquisitions and asset sales; and • enter into certain intercompany arrangements or make certain intercompany payments, which in some instances could restrict our ability to use the assets, cash flows or earnings of one operating segment to support another operating segment or Delek. Other restrictive covenants require that we meet certain financial covenants, including leverage coverage, fixed charge coverage and net worth tests, as described in the applicable credit agreements. In addition, the covenant requirements of our various credit agreements require us to make many subjective determinations pertaining to our compliance thereto and exercise good faith judgment in determining our compliance. Our ability to comply with the covenants and restrictions contained in our debt instruments may be affected by events beyond our control, including prevailing economic, financial and industry conditions. If market or other economic conditions deteriorate, our ability to comply with these covenants and restrictions may be impaired. If we breach any of the restrictions or covenants in our debt agreements, a significant portion of our indebtedness may become immediately due and payable, and our lenders' commitments to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these immediate payments. In addition, our obligations under our credit facilities are secured by substantially all of our assets. If we are unable to timely repay our obligations under our credit facilities, the lenders could seek to foreclose on the assets, or we may be required to contribute additional capital to certain of our subsidiaries. Any of these outcomes could have a material adverse effect on our business, financial condition and results of operations. ~~59~~ **53** | Fluctuations in interest rates could materially affect our financial results. Because a significant portion of our debt bears interest at variable rates, increases in interest rates could materially increase our interest expense. The use of interest rate hedges, including of the types we have employed in the past, may not be effective at mitigating this risk. This risk, and others dependent on prevailing interest rates, are likely to be heightened during periods of inflation. An increase in interest rates could have a material adverse effect on our business, financial condition and results of operations. Rising interest rates may also adversely impact our weighted average cost of capital (“ WACC ”) which is used in the valuation of our reporting units for goodwill. A higher WACC, all other things being equal, will result in a lower valuation using a discounted cash flow model, which is an income approach of business valuation. Therefore, rising interest rates can cause a reporting unit to become impaired when, in a lower interest rate environment, it may not be, resulting in incremental impairment expense. We may refinance a significant amount of indebtedness and otherwise require additional financing; we cannot guarantee that we will be able to obtain the necessary funds on favorable terms or at all. We may elect to refinance certain of our indebtedness, even if not required to do so by the terms of such indebtedness. In addition, we may need, or want, to raise additional funds for our operations. We have been, and may continue to be, engaged in discussions with certain potential financing sources, which could provide a source of additional funds and liquidity for our operations. However, our ability to obtain such financing will depend on, among other factors, prevailing market conditions at the time of the proposed financing and other factors beyond our control. There is no assurance that we will be able to obtain additional financing on terms acceptable to us, or at all. We recorded goodwill and other intangible assets that could become impaired and result in material non- cash charges to our results of operations in the future. The Delek / Alon Merger has been accounted for as an acquisition, by us, of Alon in accordance with accounting principles generally accepted in the United States. Under the acquisition method of accounting, the assets and liabilities of Alon and its subsidiaries have been recorded, as of the completion of the Delek / Alon Merger, at their respective fair values. Under the acquisition method of accounting, the total purchase price has been allocated to Alon' s tangible assets and liabilities and identifiable intangible assets based on their estimated fair values as of the date of completion of the Delek / Alon Merger. The excess of the purchase price over the estimated fair values of reporting units has been recorded as goodwill, which was further allocated to other reporting units as permitted under GAAP. To the extent the value of goodwill or intangibles becomes impaired, we may be required to incur material non- cash charges relating to such impairment. Our financial condition and operating results may be significantly impacted from both the impairment and the underlying trends in the business that triggered the impairment. We recorded no goodwill impairment during the years ended December 31, 2022 and 2021 and $ ~~126~~ **14** . ~~0~~ **8** million during the year ended December 31, ~~2020~~ **2023** , respectively. An impairment of our long- lived assets or goodwill could 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 long- lived asset or goodwill 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 long- lived assets and goodwill impairment analyses are sensitive to changes in key assumptions used in our analysis, estimates of future market prices, forecasted throughput levels, operating costs and capital expenditures, most of which can be impacted by inflation. 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 long- lived assets or goodwill in the future. ~~During the year ended December 31, 2020, we recorded a goodwill impairment charge related to our Big Spring refinery and Krotz Springs refinery reporting units.~~ 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.