Risk Factors Comparison 2023-02-28 to 2022-02-23 Form: 10-K

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Investing in us involves a degree of risk. You should carefully consider all information in this Form 10- K, including the Management' s Discussion & Analysis section and the financial statements and related notes, prior to investing in our common units. These risks and uncertainties include, but are not limited to, the following: Risks Related to our Business / Industry: • We depend on HFC - **HF Sinclair** for a substantial portion of our revenues. A significant reduction in those revenues or a material deterioration of HFC - **HF Sinclair** ' s financial condition could reduce our revenues materially. • Due **General economic conditions or, due** to our lack of asset and geographic diversification, an adverse development in our businesses could materially and adversely affect our financial condition, results of operations, or cash flows. • The COVID **Any reduction in the capacity of, or the allocations to, our shippers on interconnecting, third** - **party pipelines could cause** 19 pandemic, actions taken in response thereto, and certain global oil market developments have had and may continue to have a material adverse effect on **reduction of volumes transported in** our business **pipelines and through our terminals** . • A material decrease in the supply, or a material increase in the price, of crude oil or other materials available to HFC - **HF Sinclair** ' s refineries and our pipelines and terminals, and a corresponding decrease in demand for refined products in the markets served by our pipelines and terminals, could reduce our revenues materially. • Competition from other pipelines that may be able to supply our shippers' customers with refined products at a lower price could cause us to reduce our rates or could reduce our revenues . Any reduction in the capacity of...... we have a right of first offer . • Our operations are subject to catastrophic losses, operational hazards and unforeseen interruptions for which we may not be adequately insured. **.Any reduction in the capacity of,or the allocations to,our shippers on interconnecting,third- party pipelines could cause a reduction of volumes transported in our pipelines and through our terminals.• Our business may suffer due to a change in the composition of our Board of Directors,the departure of any of our key senior executives or other key employees who provide services to us.** • If we are unable to complete capital projects at their expected costs or in a timely manner,incur increased maintenance or repair costs on assets,or if assumed market conditions deteriorate,our financial condition,results of operations,or cash flows could be materially and adversely affected.• The COVID- 19 pandemic,and actions taken in response thereto,has had and may continue to have a material adverse effect on our business.• We may be unsuccessful in integrating the operations of acquired assets or businesses,including the Sinclair business acquired in the HEP Transaction,and in realizing the anticipated benefits of any such acquisitions.• We may not be able to fully execute our growth strategy if we encounter illiquid capital markets or increased competition for investment opportunities,if our assumptions concerning population growth are inaccurate,or if an agreement cannot be reached with HF **HFC** Sinclair for the acquisition of assets on which we have a right of first offer .• We do not own all of We could be subject to damages based on claims brought against us by our customers or lose customers as a result of the failure of products we distribute to meet certain quality specifications. • We do **may** not **be able to retain existing customers** own all of the land on which our - **or acquire new customers** pipeline systems and other assets are located, which could result in disruptions to our operations. Regulatory changes related to a state' s use of eminent domain could inhibit our ability to secure rights- of- way for future pipeline construction projects. • Terrorist attacks, and the threat of terrorist attacks or vandalism, have resulted in increased costs to our business. Global hostilities may adversely impact our results of operations . • We own certain of our systems through joint ventures, and our control of such systems is limited by provisions of the agreements we have entered into with our joint venture partners and by our percentage ownership in such enterprises . Risks Related to our Acquisition Strategy and Recent / Pending Acquisitions • We may be unsuccessful in integrating the operations of acquired assets and in realizing the anticipated benefits of any such acquisitions. • The pending Sinclair Transactions may not be consummated on a timely basis or at all. To complete the Sinclair Transactions, HFC and Sinclair must obtain certain governmental approvals, and if such approvals are not granted or are granted with conditions that become applicable to the parties, completion of the transactions may be jeopardized or prevented or the anticipated benefits of the transactions could be reduced. The actual value of the consideration we will pay to Sinclair at closing may exceed the value allocated at the time we entered into the Contribution Agreement. • We will issue a large number of common units in connection with the Sinclair Transactions, which will result in dilution to our existing unitholders and may cause the market price of our common units to decline as a result of sales of our common units owned by Sinclair stockholders or current HEP unitholders. Our unitholders may not realize a benefit commensurate with the ownership dilution they will experience.- 24- • Litigation relating to the Sinclair Transactions could result in substantial costs or an injunction preventing the completion of the HEP Transaction . Risks Related to Government Regulation • Our operations are subject to evolving federal, state and local laws, regulations, oversight by governmental agencies and permit / authorization requirements regarding our business, capital projects and environmental protection (including greenhouse gases and climate change protection), health, operational safety and product quality, any of which could result in potential liabilities, increased operating costs, and reduced demand for our services. **- 26- • Increasing attention to environmental, social and governance (" ESG ") matters may adversely impact our business, financial results, stock price or price of debt securities.** Risks Related to Cybersecurity, Data Security and **Privacy,** Information Technology **and Intellectual Property** • Cyberattacks, **data** security breaches, information technology system failures, **network disruptions, vandalism,** terrorist attacks or global hostilities **or other sustained military campaigns** could have a material adverse effect on our business, financial condition, results of operations or cash flows. We are **• Our business is** subject to **complex and evolving** laws, rules **security standards** , **and** regulations and policies regarding data privacy and **,** security **cybersecurity and data protection** , and may be subject to additional related laws and regulations in jurisdictions in which we

operate or expand. **Such laws, standards and regulations could result in claims, increased cost of operations, or otherwise harm our ability to compete in the market.** Risks Related to Liquidity, Financial Instruments and Credit • **Increases in interest rates could adversely affect** ~~We may not be able to retain existing customers or~~ **our business** ~~acquire new customers~~. ~~•~~ Our leverage or volatile credit / capital markets may limit our ability to borrow funds on acceptable terms, service our indebtedness or capitalize on business opportunities. ~~Increases in interest rates could adversely affect our business. The expected phase out of LIBOR could impact the interest rates paid on our variable rate indebtedness and could cause our interest expense to increase.~~ • If we are unable to generate sufficient cash flow, our ability to pay quarterly distributions to our common unitholders at current levels or to increase our quarterly distributions in the future could be impaired materially. • We are exposed to the credit risks and certain other risks, of our or our joint ventures' key customers, vendors, and other counterparties. Adverse changes in our and / or our general partner' s credit ratings and risk profile may negatively affect us. Risks to Common Unitholders • ~~HFC~~ - **HF Sinclair** and its affiliates may have conflicts of interest and limited fiduciary duties, which may permit them to favor their own interests or engage in limited competition with us. • Cost reimbursements and fees due to our general partner and its affiliates for services provided are substantial. Our general partner may reduce the amount of cash in reserve available for distribution to unitholders. Even if unitholders are dissatisfied, they cannot remove our general partner without its consent. The control of our general partner may be transferred to a third party without unitholder consent. • We may issue additional limited partner units without unitholder approval, which would dilute an existing unitholder' s ownership interests. Our general partner has a limited call right that may require a unitholder to sell its common units at an undesirable time or price. Tax Risks to Common Unitholders • Our tax treatment depends on our status as a partnership for U. S. federal income tax purposes, and not being subject to a material amount of entity- level taxation. Our cash available for distribution to unitholders may be substantially reduced if we become subject to entity- level taxation as a result of the Internal Revenue Service (" IRS ") treating us as a corporation or legislative, judicial or administrative changes, and it may also be reduced by any audit adjustments if imposed directly on the partnership. • Even if unitholders do not receive ~~any~~ cash distributions from us, unitholders will be required to pay taxes on their share of our taxable income. Unitholders may be subject to limitation on their ability to deduct interest expense incurred by us. • Tax- exempt entities and non- U. S. unitholders face unique tax issues from owning our common units that may result in adverse tax consequences to them. The IRS may challenge certain tax positions, treatment methodologies or allocations, which could adversely affect the value of our common units. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business operations. If any of the following risks were to actually occur, our business, financial condition, results of operations or treatment of unitholders could be materially and adversely affected. The headings provided in this Item 1A. are for convenience and reference purposes only and shall not affect or limit the extent or interpretation of the risk factors.- ~~25~~ **27** - RISKS RELATED TO OUR BUSINESS / INDUSTRY We depend on ~~HFC~~ - **HF Sinclair** (particularly its Navajo and Woods Cross refineries) for a substantial portion of our revenues; if those revenues were significantly reduced or if ~~HFC~~ - **HF Sinclair** ' s financial condition materially deteriorated, there would be a material adverse effect on our results of operations. For the year ended December 31, ~~2021~~ **2022** , ~~HFC~~ - **HF Sinclair** accounted for ~~67~~ **70** % of the revenues of our petroleum product and crude pipelines, ~~88~~ **85** % of the revenues of our terminals, tankage, and truck loading racks, and 100 % of the revenue from our refinery processing units. We expect to continue to derive a majority of our revenues from ~~HFC~~ - **HF Sinclair** for the foreseeable future. If ~~HFC~~ - **HF Sinclair** satisfies only its minimum obligations under the long- term pipeline and terminal, tankage and throughput agreements that it has with us or is unable to meet its minimum annual payment commitment for any reason, including due to prolonged downtime or a shutdown at its refineries, our revenues and cash flow would decline. Any significant reduction in production at ~~HFC~~ - **HF Sinclair** ' s Navajo or Woods Cross refineries could reduce throughput in our pipelines, terminals and refinery processing units, resulting in materially lower levels of revenues and cash flow for the duration of the shutdown. For the year ended December 31, ~~2021~~ **2022** , production from ~~HFC~~ - **HF Sinclair** ' s Navajo and Woods Cross refineries accounted for approximately 50 % of the throughput volumes transported by our refined product, intermediate and crude pipelines. Our Woods Cross refinery processing units also accounted for ~~72~~ **70** % of our refinery processing units revenues. Operations at any of ~~HFC~~ - **HF Sinclair** ' s refineries could be partially or completely shut down, temporarily or permanently, as the result of: • competition from other refineries and pipelines that may be able to supply the refinery' s end- user markets on a more cost- effective basis; • operational problems such as catastrophic events at the refinery, terrorist or cyberattacks, vandalism, labor difficulties, **or weather, including as a result of climate change,** public health crisis such as COVID- 19, or government response thereto, environmental proceedings or other litigation that cause a stoppage of all or a portion of the operations at the refinery; • planned maintenance or capital projects; • increasingly stringent environmental laws and regulations, such as the U. S. Environmental Protection Agency' s gasoline and diesel sulfur control requirements that limit the concentration of sulfur in motor gasoline and diesel fuel for both on- road and non- road usage as well as various state and federal emission requirements that may affect the refinery itself and potential future climate change regulations; • an inability to obtain crude oil for the refinery at competitive prices; or • a general reduction in demand for refined products in the area due to: ◦ a local or national recession, public health crisis such as COVID- 19, or other adverse event or economic condition that results in lower spending by businesses and consumers on gasoline and diesel fuel; ◦ higher gasoline prices due to higher crude oil costs, higher taxes or stricter environmental laws or regulations; or ◦ a shift by consumers to more fuel- efficient or alternative fuel vehicles or an increase in fuel efficiency, whether as a result of technological advances by manufacturers, legislation either mandating or encouraging higher fuel efficiency or the increased use of alternative fuel sources or otherwise. For example, on June 1, 2020, ~~HFC~~ - **HF Sinclair** announced plans to permanently cease petroleum refining operations at its Cheyenne ~~refinery~~ **Refinery** and to convert certain assets at that refinery to renewable diesel production. ~~HFC~~ - **HF Sinclair** subsequently began winding down petroleum refining operations at ~~its~~ **the** Cheyenne ~~refinery~~ **Refinery** on August 3, 2020. The effect on us of any shutdown would depend on the length of the shutdown and the extent of the refinery operations affected by the shutdown. We

have no control over the factors that may lead to a shutdown or the measures HFC - **HF Sinclair** may take in response to a shutdown. HFC - **HF Sinclair** makes all decisions at each of its refineries concerning levels of production, regulatory compliance, refinery turnarounds (planned shutdowns of individual process units within the refinery to perform major maintenance activities), labor relations, environmental remediation, emission control and capital expenditures and is responsible for all related costs. HFC - **HF Sinclair** is not under contractual obligation to us to maintain operations at its refineries. Furthermore, HFC - **HF Sinclair** ' s obligations under the long- term pipeline and terminal, tankage, tolling and throughput agreements with us would be temporarily suspended during the occurrence of a force majeure event that renders performance impossible with respect to an asset for at least 30 days. If such an event were to continue for a year, we or HFC - **HF Sinclair** could terminate the agreements. The occurrence of any of these events could reduce our revenues and cash flows.- 26 **28** - **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 demand for crude oil and refined products. Some of these factors 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, gasoline and diesel fuel prices, interest rates, consumer confidence and other macroeconomic factors. The demand for crude oil and refined and finished lubricant products can be reduced due to a local or national recession or other adverse economic condition, such as periods of increased or prolonged inflation, which results in lower spending by businesses and consumers on gasoline and diesel fuel, higher gasoline prices due to higher crude oil prices, a shift by consumers to more fuel- efficient vehicles or alternative fuel vehicles (such as ethanol or wider adoption of electric, gas / electric hybrid or hydrogen powered vehicles), or an increase in vehicle fuel economy, whether as a result of technological advances by manufacturers, legislation mandating or encouraging higher fuel economy or the use of alternative fuel. Political instability, actual or potential hostilities or other conflicts in oil producing areas, such as the Russia- Ukraine war, 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, which affects the prices of crude oil. Increased volatility in the global oil markets, including the prices our customers and suppliers pay for crude oil and other raw materials, has, and may continue to, materially adversely affect our business, financial condition, results of operations and / or cash flows as well as our ability to pay distributions to our common unitholders. Adverse developments in the global economy or in regional economies could also negatively impact our customers and suppliers, and therefore have a negative impact on our business or financial condition. In the event of adverse developments or stagnation in the economy or financial markets, our customers and suppliers may experience deterioration of their businesses, reduced demand for their products, cash flow shortages and difficulty obtaining financing. As a result, existing or potential customers might delay or cancel plans to use our services and may not be able to fulfill their obligations to us in a timely fashion. Further, suppliers may experience similar conditions, which could impact their ability to fulfill their obligations to us. Moreover, a financial market crisis may have a material adverse impact on financial institutions and limit access to capital and credit. This could, among other things, make it more difficult for us to obtain (or increase our cost of obtaining) capital and financing for our operations. Our access to additional capital may not be available on terms acceptable to us or at all.** Due to our lack of asset and geographic diversification, an adverse development in our businesses could materially and adversely affect our financial condition, results of operations or cash flows. A large **significant** concentration of our pipeline assets serve HFC - **HF Sinclair** ' s Navajo refinery. Due to our limited asset and geographic diversification, an adverse development in our business (including adverse developments as a result of catastrophic events or weather **, including as a result of climate change** , terrorist or cyberattacks, vandalism, public health crisis, decreased supply of crude oil and feedstocks and / or decreased demand for refined petroleum products), could have a significantly greater impact on our financial condition, results of operations or cash flows than if we maintained more diverse assets in more diverse locations. The COVID **HF Sinclair and the other users of our pipelines and terminals are dependent upon connections to third** - 19 pandemic or any other widespread outbreak of an illness or pandemic or other public health crisis, and actions taken in response thereto, as well as certain developments in the global oil markets, have had and may continue to have a material adverse effect on our operations, business, financial condition, results of operations or cash flows. Our business depends in large part **party pipelines** on the demand for the various petroleum products we transport, terminal and store in the markets we serve. COVID- 19' s spread across the globe and government regulations in response thereto have negatively affected worldwide economic and commercial activity, impacted global demand for oil, gas and refined products, and created significant volatility and disruption of financial and commodity markets. Other factors expected to impact crude oil supply include production levels implemented by OPEC members, other large oil producers such as Russia and domestic and Canadian oil producers. Please see " Item 7. Management' s Discussion and Analysis of Financial Condition and Results of Operations- Impact of COVID- 19 on Our Business ". In addition, the volume of crude oil or refined products we transport, terminal or store depends on many other factors outside of our control, some of which include: • changes in domestic demand for, and the marketability of, refined products, and in turn, for crude oil and its transportation, due to governmental regulations, including travel bans and restrictions, quarantines, shelter in place orders, and shutdowns; • the ability of HFC, our other customers or our joint ventures' other customers to fulfill their respective contractual obligations or any material reduction in, or loss of, revenue from our customers or our joint ventures' customers; • increased price volatility, including the prices our customers or our joint ventures' customers pay for crude oil and other raw materials and receive for their refined and finished lubricant products; • the health of our workforce, including contractors and subcontractors, and their access to our facilities, which could result in a full or partial shutdown of our facilities if a significant portion of the workforce at a facility is impacted or if a significant portion of the workforce in our control room is impacted; • the availability, distribution and effectiveness of vaccines for COVID- 19; • the

~~ability or willingness of our or our joint ventures' current vendors and suppliers to provide the equipment or parts for our or our joint ventures' operations or otherwise fulfill their contractual obligations, potentially causing our delay or failure in construction projects or to~~ deliver crude oil ~~or~~ **and** refined products **. Any reduction of capacities of** ~~on a timely basis or at all; • increased potential for the~~ **these** ~~occurrence of~~ **interconnecting pipelines due to testing, line repair, reduced** ~~operational~~ - **operating** ~~hazards~~ **pressures** , ~~including~~ **catastrophic events,** ~~terrorism~~ --- **terror** ~~,~~ **or** cyberattacks ~~or~~ **,** vandalism ~~, as well as information system failures~~ or **other causes could result in** ~~communication network disruptions; • increasing cost and~~ reduced ~~availability of capital~~ **volumes transported in our pipelines** ~~for~~ - **or through our terminals. Similarly, if** additional **shippers begin transporting volumes of refined** ~~liquidity, growth or capital expenditures; • delay by government authorities in issuing or maintaining permits necessary for our business or our capital projects~~ **products over interconnecting pipelines, the allocations** ~~; • shareholder activism and activities by non- governmental organizations~~ to **existing shippers in** ~~limit sources of funding for the~~ **these pipelines would be reduced** ~~energy sector; • increasing costs of operation in relation to the COVID- 19 outbreak~~ , which ~~costs may not be fully recoverable or adequately covered by insurance; and • the impact of any economic downturn, recession or other disruption of the U. S. and global economies and financial and commodity markets. Adverse developments in the global economy or in regional economies~~ could also ~~negatively impact our customers and suppliers, and therefore have a negative impact on our business or financial condition. In the event of adverse developments or stagnation in the economy or financial markets, our customers may experience deterioration of their businesses, reduced~~ - **reduce volumes transported in** ~~demand for their products, cash flow shortages and difficulty obtaining financing. As a result, existing or~~ **our pipelines** ~~potential customers might delay or cancel plans to use our~~ - **or through** ~~services and may not be able to fulfill their obligations to us in a timely fashion. Further, suppliers may experience similar conditions, which could impact their ability to fulfill their obligations to us. The spread of COVID- 19 has caused us to modify our business practices (including limiting employee and contractor presence at our work locations and to sequester employees critical to the operation of our control room from time to time as needed), and we may take further actions as may be required by government authorities or~~ **our terminals** that we determine are in the best...... to pay distributions to our common unitholders . The volume of refined products we transport in our refined product pipelines depends on the level of production of refined products from ~~HFC~~ - **HF Sinclair** ' s refineries, which, in turn, depends on the availability of attractively- priced crude oil produced in the areas accessible to those refineries. In order to maintain or increase production levels at their refineries, our shippers must continually contract for new crude oil supplies. A material decrease in crude oil production from the fields that supply their refineries, as a result of depressed commodity prices, decreased demand, lack of drilling activity, natural production declines, **governmental regulations, including travel bans and restrictions, quarantines, shelter in place orders, and shutdowns,** catastrophic events or otherwise, could result in a decline in the volume of crude oil our shippers refine, absent the availability of transported crude oil to offset such declines. Such an event would result in an overall decline in volumes of refined products transported through our pipelines and therefore a corresponding reduction in our cash flow. In addition, the future growth of our **- 29-** shippers' operations will depend in part upon whether our shippers can contract for additional supplies of crude oil at a greater rate than the rate of natural decline in their currently connected supplies. Fluctuations in crude oil prices can greatly affect production rates and investments by third parties in the development of new oil reserves. Drilling activity generally decreases as crude oil prices decrease. We and our shippers have no control over producers or their production decisions, which are affected by, among other things, prevailing and projected energy prices, demand for hydrocarbons, geological considerations, governmental regulation, global market conditions, actions by foreign nations and the availability and cost of capital, or over the level of drilling activity in the areas of operations, the amount of reserves underlying the wells and the rate at which production from a well will decline. Similarly, a material increase in the price of crude oil supplied to refineries without an increase in the market value of the products produced by the refineries, either temporary or permanent, which causes a reduction in the production of refined products at the refineries, would cause a reduction in the volumes of refined products we transport, and our cash flow could be adversely affected. In addition, periods of disruption in the global supply chain, including as a result of COVID- 19, have caused shortages in the equipment and parts necessary to operate our facilities and to complete our capital projects. Certain suppliers have experienced, and may continue to experience, delays related to a variety of factors, including logistical delays and component shortages from vendors. We continue to monitor the situation and work closely with our suppliers to minimize disruption to our operations as a result of supply chain interruptions. Finally, our business depends in large part on the demand for the various petroleum products we gather, transport and store in the markets we serve. Reductions in that demand adversely affect our business. Market demand varies based upon the different end uses of the petroleum products we gather, transport and store. We cannot predict the impact of future fuel conservation measures, alternate fuel requirements, government regulation, global pandemic, technological advances in fuel economy and energy- generation devices, exploration and production activities, ~~and~~ actions by foreign nations, **and any potential litigation related to climate change effects and resulting negative public perception,** any of which could reduce the demand for the petroleum products in the areas we serve **. The volatility in global oil markets, while uncertain, has, and may continue to, materially adversely affect our business, financial condition, results of operations and / or cash flows, as well as our ability to pay distributions to our common unitholders** . We and our shippers could face increased competition if other pipelines are able to supply our shippers' end- user markets competitively with refined products. For example, increased supplies of refined product delivered by Kinder Morgan' s El Paso to Phoenix pipeline could result in additional downward pressure on wholesale- refined product prices and refined product margins in El Paso and related markets. Additionally, further increases in products from Gulf Coast refiners entering the El Paso and Arizona markets on this and other pipelines and a resulting increase in the demand for shipping product on the interconnecting common carrier pipelines could cause a decline in the demand for refined product from ~~HFC~~ - **HF Sinclair** . This could reduce our opportunity to earn revenues from ~~HFC~~ - **HF Sinclair** in excess of its minimum volume commitment obligations. ~~- 28-~~ An additional factor that could affect some of ~~HFC~~ - **HF Sinclair** ' s markets is excess pipeline capacity from the West Coast into our shippers' Arizona

markets. Additional increases in shipments of refined products from the West Coast into our shippers' Arizona markets could result in additional downward pressure on refined product prices that, if sustained over the long term, could influence product shipments by HFC - **HF Sinclair** to these markets. HFC **Our operations are subject to catastrophic losses, operational hazards** and **unforeseen interruptions such as natural disasters, adverse weather, earthquakes, accidents, fires, explosions, hazardous materials releases or spills (such as** the **release of crude oil on the Osage pipeline in July 2022), terror or cyberattacks, vandalism, power failures, mechanical failures and** other users of **events beyond** our pipelines **control, and we have experienced certain of these events in the past. These events could result in** and - **an** terminals are dependent upon connections to **injury or loss of life; and have in the past and could in the future result in property damage or destruction or curtailment or interruption in our operations. In addition,** third- party **damage, mechanical malfunctions, undetected leaks in** pipelines **that we determine are** COVID- 19' s spread across the globe and government regulations in **the best interests** response thereto have negatively affected worldwide economic and commercial activity,impacted global demand for oil,gas and refined products,and created significant volatility and disruption of financial and commodity markets.The spread of COVID- 19 has caused us to modify our business practices from time to time as needed (including limiting employee **employees** and **,** contractor **contractors** presence at our work locations , restricting travel unless approved **customers,suppliers and communities.There is no certainty that such measures will be sufficient to mitigate the risks posed** by senior leadership **the virus** , quarantining employees when necessary and reducing utilization at our refineries) and could significantly disrupt our operations and ability to perform critical functions in the future **could be adversely impacted** . **- 27-** The effects of COVID- 19 or any other pandemic are difficult to predict ,and the duration of any potential business disruption or the extent to which it may negatively affect our operating results or our liquidity is unknown **uncertain** .The extent to which the COVID- 19 pandemic will continue to impact our business and operating results **and operations** remains **uncertain in light of** undetermined and depends on future developments related to the **rapidly evolving environment,** duration and severity of the spread of the virus,emerging variants,vaccine and booster effectiveness, **public acceptance of safety protocols,** and government measures **,including vaccine mandates** ,designed to slow and contain the spread of COVID-19,among others,and,all of which are beyond our control. **In addition,if the volatility and seasonality in the oil and gas industry were to increase,the demand for our services may decline.We continue to monitor the situation to assess further possible implications to our business and to take actions in an effort to mitigate adverse consequences.** These effects of the COVID- 19 pandemic **,as well as the volatility in global oil markets** ,while uncertain,have,and may continue to,materially adversely affect our business,financial condition,results of operations and / or cash flows,as well as our ability to pay distributions to our common unitholders .We may be to **too** receive impair our ability to execute this strategy.If the cost of such capital becomes too expensive,or if the development or acquisition opportunities are on terms that do not allow us to obtain appropriate financing,our ability to develop or acquire accretive assets will be limited.We may not be able to raise the necessary funds on satisfactory terms,if at all.The primary factors that influence our cost of equity include market conditions,fees we pay to underwriters and other offering costs,which include amounts we pay for legal and accounting services.The primary factors influencing our cost of borrowing include interest rates,credit spreads,credit ratings,covenants,underwriting or loan origination fees and similar charges we pay to lenders.In addition,we experience competition for the types of assets and businesses we have historically purchased or acquired.High competition,particularly for a limited pool of assets,may result in higher,less attractive asset prices,and therefore,we may lose to more competitive bidders.Such occurrences limit our ability to execute our growth strategy,which may materially adversely affect our ability to maintain or pay higher distributions in the future.Our growth strategy also depends upon:• the accuracy of our assumptions about growth in the markets that we currently serve or have plans to serve in the Southwestern,Northwest and Mid- Continent regions of the United States;• HFC - **HF Sinclair** ' s willingness and ability to capture a share of additional demand in its existing markets;and • HFC - **HF Sinclair** ' s willingness and ability to identify and penetrate new markets in the Southwestern,Northwest and Mid- Continent regions of the United States.If our assumptions about increased market demand prove incorrect, HFC - **HF Sinclair** may not have any incentive to increase refinery capacity and production or shift additional throughput to our pipelines,which would adversely affect our growth strategy.Our Omnibus Agreement with HFC - **HF Sinclair** provides us with a right of first offer on certain of HFC - **HF Sinclair** ' s existing or acquired logistics assets.The consummation and timing of any future acquisitions of these assets will depend upon,among other things,our ability to negotiate acceptable purchase agreements and commercial agreements with respect to the assets and our ability to obtain financing on acceptable terms.We can offer no assurance that we will be able to successfully consummate any future acquisitions pursuant to our right of first offer.In addition,certain of the assets covered by our right of first offer may require substantial capital expenditures in order to maintain compliance with applicable regulatory requirements or otherwise make them suitable for our commercial needs.For these or a variety of other reasons,we may decide not to exercise our right of first offer if and when any assets are offered for sale,and our decision will not be subject to unitholder approval.In addition,our right of first offer may be terminated upon a change of control of HFC - **HF Sinclair** . **- 32- We do not own all of the** and **land** deliver receive on our petroleum products pipeline system could reduce or eliminate our ability to blend products.We do not own all of the land on which our pipeline systems and other assets are located,which could result in disruptions to our operations.Additionally,a change in the regulations related to a state' s use of eminent domain could inhibit our ability to secure rights- of- way for future pipeline construction projects.Finally,certain of our assets are located on or adjacent to Native American tribal lands.We do not own all of the land on which our pipeline systems and other assets are located,and we are,therefore,subject to the risk of increased costs or more burdensome terms to maintain necessary land use.We obtain the right to construct and operate pipelines and other assets on land owned by third parties and government agencies for specified periods.If we were to lose these rights through an inability to renew leases,right- of- way contracts or similar agreements,we may be required to relocate our pipelines or other assets and our business could be adversely affected.Additionally,it may become more expensive for us to obtain new rights- of- way or leases or to renew existing rights-

of- way or leases.If the cost of obtaining or renewing such agreements increases,it may adversely affect our operations and the cash flows available for distribution to unitholders.The adoption or amendment of laws and regulations that limit or eliminate a state' s ability to exercise eminent domain over private property in a state in which we operate could make it more difficult or costly for us to secure rights- of- way for future pipeline construction and other projects.Certain of our pipelines are located on or adjacent to Native American tribal lands.Various federal agencies,along with each Native American tribe,promulgate and enforce regulations,including environmental standards,regarding operations on Native American tribal lands.In addition,each Native American tribe is a sovereign nation having the right to enforce laws and regulations (including various taxes,fees,and other requirements and conditions) and to grant approvals independent from federal,state and local statutes and regulations.Following a decision issued in May 2017 by the federal Tenth Circuit Court of Appeals,tribal ownership of even a very small fractional interest in an allotted land,that is,tribal land owned or at one time owned by an individual Native American landowner,bars condemnation of any interest in the allotment.Consequently,the inability to condemn such allotted lands under circumstances where existing pipeline rights- of- way may soon lapse or terminate serves as an additional impediment for pipeline operations. ~~Separately~~ **In addition** , **following** ~~in 2020,~~ the Supreme Court ~~ruled~~ **' s ruling** in McGirt v.Oklahoma that the Muscogee (Creek) Nation reservation in Eastern Oklahoma has not been disestablished,and ~~several~~ **therefore retains jurisdiction over criminal matters,and a subsequent ruling in July 2022 in Oklahoma v.Castro- Huerta narrowing McGirt' s holding to find concurrent tribal and** state ~~courts~~ **jurisdiction with respect to crimes committed by non- Native Americans against Native Americans on tribal lands,substantial uncertainty exists with respect to matters over which tribes may** have **exclusive or concurrent jurisdiction** ~~subsequently used the analysis therein to find that other reservations in the state have not been disestablished~~ .Although the ruling in McGirt indicates that it is limited to criminal law,the ruling has significant potential implications for civil law.At this time,we cannot predict how these jurisdictional issues may ultimately be resolved.These factors may increase our cost of doing business on Native American tribal lands.In addition,our industry is subject to potentially disruptive activities by those concerned with the possible environmental impacts of pipeline routes.Activists,non- governmental organizations and others may seek to restrict the transportation of ~~crude oil and refined products by exerting social or political pressure to influence when,and whether,such rights-~~ crude oil and refined products **by exerting social or political** ~~. Any reduction of capacities of these interconnecting pipelines due to testing, line repair, reduced operating pressures~~ - **pressure to influence when** , ~~catastrophic events~~ **and whether** , ~~terror~~ **such rights- of- way** or ~~cyberattacks, vandalism or other causes~~ **permits are granted. This interference** could **impact future** ~~result in reduced volumes transported in our pipelines~~ - **pipeline development** ~~or through our terminals. Similarly, if additional shippers begin transporting volumes of refined products over interconnecting pipelines, the allocations to existing shippers in these pipelines would be reduced~~ , which could **interfere with** ~~also reduce volumes transported in our~~ - **or block expansion** ~~pipelines or through our~~ - **or** ~~terminals~~ **development projects and could have a material adverse effect on our business, financial condition, results of operations and our ability to make cash distributions to our unitholders** . Our business may suffer due to a change in the composition of our Board of Directors, the departure of any of our key senior executives or other key employees who provide services to us, or if certain of our executive officers, who also allocate time to our general partner and its affiliates, do not have enough time to dedicate to our business. Furthermore, a shortage of skilled labor or disruptions in the labor force that provides services to us may make it difficult for us to maintain labor productivity. Our future performance depends to a significant degree upon the continued contributions of HLS' s Board of Directors, key senior executives and key senior employees who provide services to us. Also, our business depends on the continuing ability to recruit, train and retain highly qualified employees in all areas of our operations, including accounting, business operations, finance and other key back- office and mid- office personnel. The competition for these employees is intense, and the loss of these executives or employees could harm our business. If any of these executives or other key personnel resign or become unable to continue in their present roles and are not adequately replaced, our business operations could be materially adversely affected. We do not currently maintain " key person " life insurance for any executives. Furthermore, our operations require skilled and experienced laborers with proficiency in multiple tasks. A shortage of trained workers due to retirements or otherwise **or an increase in labor costs as a result of inflation or otherwise** could have an adverse impact on productivity and costs, which could adversely affect our operations. Our general partner shares officers and administrative personnel with ~~HFC~~ - **HF Sinclair** to operate both our business and ~~HFC~~ - **HF Sinclair** ' s business. These officers face conflicts regarding the allocation of their and other employees' time, which may affect adversely our results of operations, cash flows and financial condition. **- 33-** A portion of ~~HFC~~ - **HF Sinclair** ' s employees that are seconded to us from time to time are represented by labor unions under collective bargaining agreements with various expiration dates. ~~HFC~~ - **HF Sinclair** may not be able to renegotiate the collective bargaining agreements when they expire on satisfactory terms or at all. A failure to do so may increase our costs. In addition, existing labor agreements may not prevent a future strike or work stoppage, and any work stoppage could negatively affect our results of operations and financial condition. If we are unable to complete capital...... make cash distributions to our unitholders. The long-term impact of (and threat of future) terrorist attacks and vandalism, on the energy transportation industry in general, and on us in particular, is unknown. Any attack on our facilities, those of our customers and, in some cases, those of other pipelines could have a material adverse effect on our business. Increased security measures taken by us as a precaution against possible terrorist attacks or vandalism have resulted in increased costs to our business. The U. S. government has issued public warnings that indicate that pipelines and other assets might be specific targets of terrorist organizations. These potential targets might include our pipeline systems or operating systems and may affect our ability to operate or control our pipeline assets or our operations could be disrupted. The occurrence of one of these events could cause a substantial decrease in revenues, increased costs to respond or other financial loss, damage to reputation, increased regulation or litigation and or inaccurate information reported from our operations. These developments may subject our operations to increased risks, as well as increased costs, and, depending on their ultimate magnitude, could have a material adverse effect on our business, results of operations and financial

condition. Uncertainty surrounding global hostilities or other sustained military campaigns, and the possibility that infrastructure facilities could be direct targets of, or indirect casualties of, an act of terror, may affect our operations in unpredictable ways, including disruptions of crude oil supplies and markets for refined products or instability in the financial markets that could restrict our ability to raise capital. In addition, changes in the insurance markets attributable to terrorist attacks, vandalism, or cyberattacks or extortion could make certain types of insurance more difficult for us to obtain. Moreover, the insurance that may be available to us may be significantly more expensive than our existing insurance coverage. Instability in the financial markets as a result of terrorism, cyberattacks, vandalism or war could also affect our ability to raise capital, including our ability to repay or refinance debt. We ~~position.Because our partnership agreement requires us to distribute all available cash (less operating surplus cash reserves) to our unitholders,we do not have the same flexibility as other legal entities to accumulate cash to protect against under insured or uninsured losses.We~~ could be subject to damages based on claims brought against us by our customers or lose customers as a result of the failure of products we distribute to meet certain quality specifications.In addition,we could be required to make substantial expenditures in the event of any changes in product quality specifications.A significant portion of our operating responsibility on refined product pipelines is to ~~ensure~~ **manage** the quality and purity of the products loaded at our loading racks.If our quality control measures fail,off- specification product could be sent out to public gasoline stations.This type of incident could result in liability claims regarding damages caused by the off- specification fuel or could impact our ability to retain existing customers or to acquire new customers,any of which could have a material adverse impact on our results of operations and cash flows.In addition,various federal,state and local agencies have the authority to prescribe specific product quality specifications of refined products.Changes in product quality specifications or blending requirements could reduce our throughput volume,require us to incur additional handling costs or require capital expenditures.For example,different product specifications for different markets impact the fungibility of the products in our system and could require the construction of additional storage.If we are unable to recover these costs through increased revenues,our cash flows and ability to pay cash distributions could be adversely affected.In addition,changes in the product quality of the products we receive on our petroleum products pipeline system could reduce or eliminate our ability to blend products. **The renewal or replacement of existing contracts with our customers at rates sufficient to maintain current revenues and cash flows depends on a number of factors outside our control,including competition from other pipelines and the demand for refined products in the markets that we serve.** We own certain of our systems through joint ventures, and our control of such systems is limited by provisions of the agreements we have entered into with our joint venture partners and by our percentage ownership in such joint ventures. ~~Although our subsidiary is the operator of the UNEV pipeline and we own a majority interest in the joint venture that owns the UNEV pipeline, the joint venture agreement for the UNEV pipeline generally requires consent of our joint venture partner (s) for specified extraordinary transactions, such as reversing the flow of the pipeline or increasing the fees paid to our subsidiary pursuant to the operating agreement. In addition, certain~~ **Certain** of our systems are operated by joint venture entities for which we do not serve as the operator, or in which we do not have an ownership stake that permits us to control the business activities of the entity. We have limited ability to influence the business decisions of such joint venture entities. **- 34-** Because we have partial ownership in the joint ventures, we may be unable to control the amount of cash we will need for capital projects or will receive from the operation and could be required to contribute significant cash to fund our share of their projects and operations, which could adversely affect our ability to distribute cash to our unitholders. An impairment of our long- lived assets or goodwill could reduce our earnings or negatively impact our financial condition and results of operations. An impairment of our long- lived assets or goodwill could reduce our earnings or negatively impact our results of operations and financial condition. We continually monitor our business, the business environment and the performance of our operations to determine if an event has occurred that indicates that a 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 tariff rates, forecasted throughput levels, operating costs and capital expenditures. If the assumptions used in our analysis are not realized, it is possible a material impairment charge may need to be recorded in the future. We cannot accurately predict the amount and timing of any additional impairments of long- lived assets or goodwill in the future. ~~- 32- During the years ended December 31, 2021 and December 31, 2020, we recorded a goodwill impairment charge of $ 11. 0 million and $ 35. 7 million, respectively, related to our Cheyenne reporting unit. A reasonable expectation exists that further 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.~~ Growing our business by constructing new pipelines and terminals, or expanding existing ones, subjects us to construction risks. One of the ways we may grow our business is through the construction of new pipelines and terminals or the expansion of existing ones. The construction of a new pipeline or the expansion of an existing pipeline, by adding horsepower or pump stations or by adding a second pipeline along an existing pipeline, involves numerous regulatory, environmental, political, and legal uncertainties, most of which are beyond our control. For example, the Biden Administration ~~has~~ temporarily suspended the grant of certain authorizations for oil and gas activities on federal lands, although ~~this does~~ **the order did** not affect existing authorizations. Pipeline construction projects requiring federal approvals are generally subject to environmental review requirements under the National Environmental Policy Act **(" NEPA")**, and must also comply with other natural resource review requirements imposed pursuant to the Endangered Species Act and the National Historic Preservation Act. **In April 2022, the Biden Administration revised NEPA' s implementing regulations, and now requires NEPA reviews to incorporate consideration of indirect and cumulative impacts of a proposed project, including the effects of climate change and greenhouse gas emissions. These revisions marked the end of the first phase of a two part review being undertaken by the Council on Environmental Quality (the " CEQ "), and**

thus additional changes to the NEPA rules may be forthcoming, though we cannot predict the substance ~~For~~ **or form of such revisions. Moreover, for** over 35 years, the **U. S. Army** Corps **of Engineers (" Corps")** has authorized construction, maintenance, and repair of pipelines under a streamlined **nationwide permit program under the federal Clean Water Act (“ CWA ”) known as** Nationwide Permit **12** (“ NWP **12** ”) program ~~; however~~ **. From time to time** , ~~in~~ **environmental groups have challenged the use of NWP 12 for oil and gas pipeline projects. In** April 2020, the U. S. District Court for the District of Montana determined that NWP 12 failed to comply with consultation requirements under the federal Endangered Species Act, vacated NWP 12, and enjoined the issuance of new authorizations for oil and gas pipeline projects under NWP 12 ~~. While~~ **, though** the district court’ s order ~~has~~ **was** subsequently ~~been~~ limited ~~pending~~ **on** appeal ~~, we cannot predict the ultimate outcome of this case~~ . **In January 2021** ~~Additionally, in response to the vacatur~~ , the Corps **published** ~~has announced~~ a reissuance of ~~the~~ NWP 12 ~~for oil and natural gas pipeline activities~~ , ~~including certain revisions to~~ **but this permit is similarly being challenged in federal court on** the ~~conditions for~~ **same grounds that were litigated in** the ~~use~~ **April 2020 case. More recently, in May 2022 the Corps announced it was beginning a formal review** of NWP 12 **. The outcome of** ~~; however, the rulemaking may be subject to~~ litigation **involving** ~~or to further revision under~~ the Biden Administration **’ s Social Cost of Carbon (“ SCC ”) metric may also impact future regulatory decision- making with respect to our construction and development. In May 2022, the Fifth Circuit stayed a lower court’ s order blocking the Biden Administration’ s use of an interim SCC value while the government’ s appeal remains in progress** . While the full extent and impact of ~~the~~ **these** ~~vacatur~~ **recent developments** is unclear at this time, we could face significant delays and financial costs if we must obtain individual permit coverage from the Corps for our projects **or satisfy more stringent environmental conditions or reviews** . These projects may not be completed on schedule (or at all) or at the budgeted cost. In addition, our revenues may not increase immediately upon the expenditure of funds on a particular project. For instance, if we build a new pipeline, the construction will occur over an extended period of time and we will not receive any material increases in revenues until after completion of the project. Moreover, we may construct facilities to capture anticipated future growth in demand for refined products in a region in which such growth does not materialize. As a result, new facilities may not be able to attract enough throughput to achieve our expected investment return, which could adversely affect our earnings, results of operations and financial condition. RISKS RELATED TO ~~OUR ACQUISITION STRATEGY AND RECENT / PENDING ACQUISITIONS We may be unsuccessful in integrating the operations of the assets we have acquired or may acquire with our operations, and in realizing all or any part of the anticipated benefits of any such acquisitions. From time to time, we evaluate and acquire assets and businesses that we believe complement our existing assets and businesses. Acquisitions may require substantial capital or the incurrence of substantial indebtedness. Our capitalization and results of operations may change significantly as a result of completed or future acquisitions. Acquisitions and business expansions involve numerous risks, including difficulties in the assimilation of the assets and operations of the acquired businesses, inefficiencies and difficulties that arise because of unfamiliarity with new assets and the businesses associated with them, and new geographic areas and the diversion of management' s attention from other business concerns. Further, unexpected costs and challenges may arise whenever businesses with different operations or management are combined, and we may experience unanticipated delays in realizing the benefits of an acquisition. Also, following an acquisition, we may discover previously unknown liabilities associated with the acquired business or assets for which we have no recourse under applicable indemnification provisions. The pending Sinclair Transactions may not be consummated on a timely basis or at all. Failure to complete the acquisition within the expected timeframe or at all could adversely affect our common unit price and our future business and financial results. On August 2, 2021, we entered into the Contribution Agreement with Sinclair and certain other parties thereto to acquire all of the issued and outstanding capital stock of STC. We expect the Sinclair Transactions to close in 2022. The Sinclair Transactions are subject to closing conditions. If these conditions are not satisfied or waived, the Sinclair Transactions will not be consummated. If the closing of the Sinclair Transactions is substantially delayed or does not occur at all, or if the terms of the acquisition are required to be modified substantially, we may not realize the anticipated benefits of the acquisition fully or at all, or they may take longer to realize than expected. The closing conditions include, among others, the absence of a law or order- 33- prohibiting the transactions contemplated by the Business Combination Agreement and the termination or expiration of any waiting periods under the Hart-Scott Rodino Act, as amended (the “ HSR Act ”), with respect to the Sinclair Transactions. On August 23, 2021, each of HFC and Sinclair filed its respective premerger notification and report regarding the Sinclair Transactions with the U. S. Department of Justice and the U. S. Federal Trade Commission (the “ FTC ”) under the HSR Act. On September 22, 2021, HFC and Sinclair each received a request for additional information and documentary material (“ Second Request ”) from the FTC in connection with the FTC’ s review of the Sinclair Transactions. Issuance of the Second Request extends the waiting period under the HSR Act until 30 days after both HFC and Sinclair have substantially complied with the Second Request, unless the waiting period is terminated earlier by the FTC or the parties otherwise commit not to close the Sinclair Transactions for some additional period of time. HFC and Sinclair are cooperating with the FTC staff in its review and are working diligently to satisfy the closing conditions as soon as possible. We have incurred and will continue to incur substantial transaction costs whether or not the Sinclair Transactions are completed. Any failure to complete the Sinclair Transactions could have a material adverse effect on our common unit price, our competitiveness and reputation in the marketplace, and our future business and financial results, including our ability to execute on our strategy to return capital to our unitholders. In order to complete the Sinclair Transactions, HFC and Sinclair must obtain certain governmental approvals, and if such approvals are not granted or are granted with conditions that become applicable to the parties, completion of the transactions may be jeopardized or prevented or the anticipated benefits of the transactions could be reduced. Completion of the Sinclair Transactions is conditioned upon the expiration or termination of the waiting period relating to the Sinclair Transactions under the HSR Act. Although HFC, HEP and Sinclair have agreed in the Business Combination Agreement and Contribution Agreement to use their reasonable best efforts, subject to certain limitations, to make the necessary filings under the HSR Act and obtain the required governmental~~

approvals, there can be no assurance that the relevant waiting period will expire or terminate and no assurance that the Sinclair Transactions will be completed. In addition, the FTC has broad discretion in administering the governing laws and regulations, and may take into account various facts and circumstances in their consideration of the Sinclair Transactions, including other potential transactions in the oil and gas industry or other industries. The FTC may be affected by government shutdowns, which could result in delays regarding any potential approvals or other actions. The FTC may initiate proceedings seeking to prevent, or otherwise seek to prevent, the Sinclair Transactions. As a condition to the approval of the Sinclair Transactions, the FTC may also impose requirements, limitations or costs, require divestitures or place restrictions on the conduct of the parties' business after completion of the Sinclair Transactions. Under the terms of the Business Combination Agreement and Contribution Agreement, HFC and HEP are obligated to use reasonable best efforts to complete the transactions, but are not required to take any actions or agree to any terms or conditions in connection with obtaining any regulatory approvals for completing the Sinclair Transactions beyond those specifically described in the Business Combination Agreement and Contribution Agreement. In the Contribution Agreement, HEP and Sinclair agreed that the consideration to be paid by HEP to Sinclair in connection with the HEP Transaction would be adjusted downward if, as a condition to obtaining antitrust clearance for the Sinclair Transactions, the FTC requires HEP to divest a portion of its equity interest in UNEV and the sales price for such interests does not exceed the threshold provided in the Contribution Agreement. In the Business Combination Agreement, HFC and Sinclair agreed that the stock consideration to be issued to Sinclair would be reduced if, as a condition to obtaining antitrust clearance for the Sinclair Transactions, the FTC requires HFC to divest its refinery in Davis County, Utah (the " Woods Cross Refinery ") and certain related assets and the sales price for such assets does not exceed a threshold provided in the Business Combination Agreement. In addition, HEP and HFC entered into a Letter Agreement (" Letter Agreement "), which provides that if, as a condition to obtaining antitrust clearance for the Sinclair Transactions, HFC enters into a definitive agreement to divest the Woods Cross Refinery, then HEP would sell certain assets located at, or relating to, the Woods Cross Refinery to HFC in exchange for cash consideration equal to $ 232. 5 million plus the certain accounts receivable of HEP in respect of such assets, with such sale to be effective immediately prior to the closing of the sale of the Woods Cross Refinery by HFC. The Letter Agreement also provides that HEP' s right to future revenues from HFC in respect of such Woods Cross Refinery assets will terminate at the closing of such sale. If as a condition to the approval of the Sinclair Transactions the FTC requires HFC and HEP to divest the assets specified in the Business Combination Agreement, Contribution Agreement and Letter Agreement, the cash flows relating to the divested assets would also be lost, the anticipated benefits of the Sinclair Transactions would be reduced and the combined company' s financial position, results of operations and cash flows may be materially and adversely affected. However, notwithstanding the provisions of the Business Combination Agreement and Contribution Agreement, HFC, HEP or Sinclair could agree to become subject to terms or conditions beyond those required in the Business Combination Agreement and Contribution Agreement in connection with the expiration or termination of such waiting period, the imposition of which could adversely affect HFC' s and HEP' s ability to integrate Sinclair' s operations with their operations, reduce the anticipated benefits of the transactions or otherwise materially and adversely affect the combined company' s financial position, results of operations and cash flows after completion of the transactions. - 34- The actual value of the consideration we will pay to Sinclair at closing may exceed the value allocated to such consideration at the time we entered into the Contribution Agreement. Under the Contribution Agreement, at closing, we will pay Sinclair a cash payment of $ 325 million and issue Sinclair 21 million common units, which represents a transaction value of approximately $ 758 million based on the closing price of our common units as of July 30, 2021. Neither we nor the Sinclair stockholders are permitted to " walk away " from the transaction solely because of changes in the market price of our common units between the signing of the Contribution Agreement and the closing. Our common units have historically experienced volatility. Common unit price changes may result from a variety of factors that are beyond our control, including changes in our business, operations and prospects, regulatory considerations and general market and economic conditions. The closing price of our common units on the New York Stock Exchange on July 30, 2021, was $ 20. 60; and on February 18, 2022, the closing price of our common units was $ 17. 69. The value of the common units we issue in connection with the closing of the Sinclair Transactions may be significantly higher at the closing than when we entered into the Contribution Agreement. We will issue a large number of common units in connection with the Sinclair Transactions, which will result in dilution to our existing unitholders and may cause the market price of our common units to decline in the future as the result of sales of our common units owned by Sinclair stockholders or current HEP unitholders. Our unitholders may not realize a benefit from the Sinclair Transactions commensurate with the ownership dilution they will experience. At the closing of the Sinclair Transactions, we will issue 21 million common units to Sinclair. Our issuance of such common units will result in dilution of our existing unitholders' ownership interests and may also have an adverse impact on our net income per unit in fiscal periods that include (or follow) the closing. The Unitholders Agreement (the " Unitholders Agreement ") between HEP, its ultimate general partner, certain other parties, and the stockholders of Sinclair (the " Sinclair Parties ") also subjects 15. 75 million of the HEP common units issued to the Sinclair Parties (the " Restricted Units ") to a " lock- up " period commencing on the closing date, during which the Sinclair Parties will be prohibited from selling the Restricted Units, except for certain permitted transfers. One- third of such Restricted Units will be released from such restrictions on the date that is six months after the closing date, one- third of the Restricted Units will be released from such restrictions on the first anniversary of the closing date, and the remainder will be released from such restrictions on the date that is 15 months from the closing date. In addition, the Unitholders Agreement contains customary registration rights, requiring us to file, within five business days following the closing date, a shelf registration statement on Form S- 3 under the Securities Act, to permit the public resale of all the registrable securities held by the Sinclair Parties once such securities are no longer subject to a lock- up. Following their receipt of common units as consideration in the HEP Transaction, subject to release from the associated lock- up provisions and the filing of a resale registration statement or satisfaction of the requirements of Rule 144, the Sinclair Parties may seek to sell the common units delivered to them. Other

HEP unitholders may also seek to sell our common units held by them following, or in anticipation of, completion of the HEP Transaction. These sales (or the perception that these sales may occur), coupled with the increase in the outstanding number of common units, may affect the market for, and the market price of, our common units in an adverse manner. If we are unable to realize the strategic and financial benefits currently anticipated from the Sinclair Transactions, our unitholders will have experienced dilution of their ownership interest without receiving commensurate benefit, and we may be unable to execute on our strategy to return capital to our unitholders that was described in our press release and investor presentation announcing the Sinclair Transactions. Litigation relating to the Sinclair Transactions could result in substantial costs to HEP or an injunction preventing the completion of the Sinclair Transactions. Securities class action lawsuits, derivative and related lawsuits are often brought against public companies that have entered into acquisition, merger or other business combination agreements. Even if such a lawsuit is without merit, defending against these claims can result in substantial costs and divert the time and resources of management. An adverse judgment could result in monetary damages, which could have a negative impact on HEP' s liquidity and financial condition. Lawsuits that may be brought against us and / or our directors, or have been or may be brought against HFC and / or HFC' s directors, could also seek, among other things, injunctive relief or other equitable relief, including a request to rescind parts of the acquisition agreement already implemented, issue additional disclosures and to otherwise enjoin the parties from consummating the Sinclair Transactions. HFC and the members of HFC' s board of directors were named as defendants in a lawsuit filed in Harris County, Texas, brought by an alleged HFC shareholder challenging the Sinclair Transactions and seeking, among other things, injunctive relief to enjoin and / or rescind the acquisition agreement and require the defendants to amend the related proxy statement, declare a breach of fiduciary duties, provide correct and complete disclosures (or enjoin or unwind the acquisition and share issuance if they do not), rescissory and compensatory damages, and interest, attorney' s fees and other costs. Seven additional lawsuits were filed in federal courts on behalf of individual alleged HFC shareholders: Gerald Lovoi v. HollyFrontier Corp., et al., Case No. 1: 21- cv- 08805 (S. D. N. Y.); Jared Abrams v. HollyFrontier Corp., et al., Case No. 1: 21- cv- 09309 (S. D. N. Y.); Christopher Quayle v. HollyFrontier Corp., et al., Case No. 1: 21- cv- 03079 (D. Colo.); Shannon- 35- Jenkins v. HollyFrontier Corp., et al., Case No. 1: 21- cv- 09497 (S. D. N. Y.); William Bancroft v. HollyFrontier Corp., et al., Case No. 1: 21- cv- 09878 (S. D. N. Y.); Stanley Jacobs v. HollyFrontier Corp., et al., Case No. 1: 21- cv- 01668 (D. Del.); and Timothy Dolan v. HollyFrontier Corp., et al., Case No. 1: 21- cv- 01670 (D. Del.). All asserted claims under Section 14 (a) of the Securities Exchange Act of 1934 (the " Exchange Act ") and SEC Rule 14a- 9 and claims under Section 20 (a) of the Exchange Act against HFC and the members of HFC' s board of directors, and seek, among other things, to enjoin and / or rescind the acquisition agreement and require defendants to amend the related proxy statement, and, if they do not, to recover damages. Additional lawsuits in connection with the Sinclair acquisition may be filed in the future in federal or state courts. HFC believes that the lawsuits described above are without merit, and that no further disclosure was required under applicable law. However, HFC made supplemental disclosures on November 30, 2021 to reduce the risk that the lawsuits may delay or otherwise adversely affect the consummation of the Acquisition and to minimize the expense of defending such action. HFC entered into a Settlement Agreement with the plaintiff in the lawsuit filed in Harris County, Texas and the lawsuit was voluntarily dismissed with prejudice. Since the HFC shareholder vote on December 8, 2021, five of the lawsuits filed in federal courts have also been voluntarily dismissed: Bancroft v. HollyFrontier Corp. was voluntarily dismissed on December 13, 2021; Quayle v. HollyFrontier Corp. was voluntarily dismissed on December 21, 2021; Lovoi v. HollyFrontier Corp. was voluntarily dismissed on January 7, 2022; Abrams v. HollyFrontier Corp. was voluntarily dismissed on January 7, 2022; and Jenkins v. HollyFrontier Corp. was voluntarily dismissed on January 25, 2022. With respect to the two outstanding lawsuits, HFC' s additional disclosures moot the claims therein. The outcome of the remaining lawsuits or any other lawsuit that may be filed challenging the Sinclair Transactions is uncertain. One of the conditions to the closing of the Sinclair Transactions is that no injunction by any court or other tribunal of competent jurisdiction has been entered and continues to be in effect and no law has been adopted or is effective, in either case, that prohibits or makes illegal the closing of the Sinclair Transactions. Consequently, if a plaintiff is successful in obtaining an injunction prohibiting completion of the Sinclair Transactions that injunction may delay or prevent the Sinclair Transactions from being completed within the expected timeframe or at all, which could result in substantial costs to us and may adversely affect our business, financial position, results of operations and cash flows. Relatedly, the defense or settlement of any lawsuit or claim that remains unresolved at the time the Sinclair Transactions are completed may adversely affect our business, financial condition, results of operations and cash flows and result in substantial costs to us. The HEP Transaction will require management to devote significant attention and resources to integrating the Sinclair business with our business. The HEP Transaction will require management to devote significant attention and resources to integrating the Sinclair business with our business. Potential difficulties that may be encountered in the integration process include, among others: • the inability to successfully integrate the Sinclair business into the HEP business in a manner that permits us to achieve the revenue and cost savings that we announced as anticipated from the acquisition; • complexities associated with managing the larger, integrated business; • potential unknown liabilities and unforeseen expenses, delays or regulatory conditions associated with the acquisition; • integrating personnel from the two companies while maintaining focus on providing consistent, high- quality products and services; • loss of key employees; • integrating relationships with customers, vendors and business partners; • performance shortfalls at one or both of the companies as a result of the diversion of management' s attention caused by completing the acquisition and integrating Sinclair' s operations into HEP; and • the disruption of, or the loss of momentum in, each company' s ongoing business or inconsistencies in standards, controls, procedures and policies. Delays or difficulties in the integration process could adversely affect our business, financial results, financial condition and common unit price. Even if we are able to integrate our business operations successfully, there can be no assurance that this integration will result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that we currently expect or have communicated from this integration or that these benefits will be achieved within the anticipated time frame. RISKS RELATED TO GOVERNMENT REGULATION Our

operations are subject to evolving federal, state and local laws, regulations and permit / authorization requirements regarding our business, capital projects and environmental protection, health, operational safety and product quality. Potential liabilities arising from these laws, regulations and requirements could affect our operations and have a material adverse effect on our business. **- 35-** Our pipelines and terminal, tankage and loading rack operations are subject to increasingly stringent federal, state, and local laws, regulations and oversight regarding, among other things, the generation, storage, handling, use, transportation and distribution of petroleum and hazardous ~~substances~~ **materials** by pipeline, truck, rail, ship and barge, the emission and discharge of ~~- 36-~~ materials into the environment, waste management, ~~and~~ **the** characteristics and composition of gasoline and diesel fuels, and other matters otherwise relating to the protection of human health and the environment **and natural resources, including climate change** . Environmental laws and regulations have raised operating costs for the oil and refined products industry, and compliance with such laws and regulations may cause us, the ~~HFC~~ - **HF Sinclair** refineries, and other refineries that we support to incur potentially material expenditures associated with the construction, maintenance, and upgrading of equipment and facilities. Future environmental, health and safety requirements (or changed interpretations of existing requirements), may impose new and / or more stringent requirements on our assets and operations and require us to incur potentially material expenditures to comply. Failure to comply with any applicable laws, regulations, and requirements of regulatory authorities could subject us to substantial penalties and fines. Our operations require numerous authorizations and permits under various laws and regulations, including environmental and worker health and safety laws and regulations. These authorizations and permits are subject to revocation, renewal, modification, or third- party challenge, and can require operational changes that may involve significant costs to limit impacts or potential impacts on the environment and / or worker health and safety. For example, ~~in May 2015~~ **on January 23, 2020** , the EPA ~~published~~ **, in conjunction with the Corps, issued** a ~~greatly expanded~~ **final rule regarding the** definition of ~~"~~ **"** waters of the United States ~~" (" WOTUS ") under~~ **," which became effective June 22, 2020 and narrowed** the **regulatory reach of the** ~~federal Clean Water Act ("~~ CWA **regulations** ~~") and the jurisdiction of the Corps. Many courts blocked this rule from going into effect, and the EPA and Corps rescinded the WOTUS rule in September 2019. On January 23, 2020, the EPA and the Corps finalized the Navigable Waters Protection Rule, which narrowed the definition of WOTUS~~ relative to ~~the~~ **a** prior 2015 rulemaking **. However** ~~and became effective on June 22~~ , **that** ~~2020, but some courts have blocked this~~ rule ~~as well. The EPA and the Corps are no longer implementing the Navigable Waters Protection Rule and are instead enforcing the WOTUS definition as it~~ was ~~promulgated~~ **vacated by one court** in ~~1986. The government is also proposing~~ **2021, and the Biden Administration subsequently announced** a **proposed** rule that would ~~formally rescind~~ **generally reinstate with modifications** the **pre- 2015** ~~Navigable Waters Protection Rule and, again, greatly expand the~~ definition of ~~WOTUS~~ **" waters of the United States** . ~~Any~~ **" The proposed rule was finalized on January 18, 2023, and will become effective March 20, 2023. This new rule expands CWA jurisdiction relative to the June 2020 rule and will likely be subject to further litigation. This** increase in scope could result in increased costs and delays with respect to obtaining permits for dredge and fill activities in wetland areas. A violation of authorization or permit conditions or other legal or regulatory requirements could result in substantial fines, criminal sanctions, permit revocations and injunctions prohibiting our operations. In addition, major modifications of our operations could require modifications to our existing permits or expensive upgrades to our existing pollution control equipment that could have a material adverse effect on our business, financial condition, results of operations and cash flows. We may also be required to address conditions that require environmental response actions or remediation. The transportation and storage of refined products produces a risk that refined products and other hydrocarbons may be suddenly or gradually released into the environment, potentially causing substantial expenditures for a response action, significant government penalties, liability to government agencies for natural resources damages, personal injury or property damages to private parties and significant business interruption. Further, we own or lease a number of properties that have been used to store or distribute refined products for many years. Many of these properties have also been operated by third parties whose handling, disposal, or release of hydrocarbons and other wastes were not under our control. Environmental laws can impose strict, joint and several liability for releases of oil and hazardous substances into the environment, and we could be held liable for past releases caused by third parties. If we were to incur a significant liability pursuant to environmental laws or regulations, it could have a material adverse effect on us. Our operations are also subject to various laws and regulations relating to occupational health and safety **, including chemical accident prevention** . We maintain safety, training and maintenance programs as part of our ongoing efforts to comply with applicable laws and regulations but cannot guarantee that these efforts will always be successful. Compliance with applicable health and safety laws and regulations has required and continues to require substantial expenditures. Failure to appropriately manage occupational health and safety risks associated with our business could also adversely impact our employees, communities, reputation and results of operations. We may incur significant costs and liabilities resulting from performance of pipeline integrity programs and related repairs. We are regulated under federal pipeline safety statutes by DOT through the Pipeline and Hazardous Materials Safety Administration (" PHMSA "). PHMSA sets and enforces pipeline safety regulations. Failure to comply with PHMSA or comparable state pipeline safety regulations could result in a number of consequences which may have a materially adverse effect on our operations. PHMSA' s enforcement authority includes the ability to assess civil penalties for violations of pipeline safety regulations, issue orders directing compliance, and issue orders directing corrective action to abate hazardous conditions. Among other things, pipeline safety laws and regulations require pipeline operators to develop integrity management programs, including more frequent inspections and other measures for pipelines located in " high consequence areas, " which are areas where a release could have the most significant adverse consequences, including certain population areas, certain drinking water sources and unusually sensitive ecological areas. These regulations require operators of covered pipelines to perform a variety of heightened assessment, analysis, prevention and repair activities **on the segments of pipe located within high- 36- consequence areas** . Routine assessments under the integrity management program may result in findings that require repairs or other actions. Moreover, changes to pipeline safety laws by Congress and regulations by PHMSA or states that result in more

stringent or costly pipeline integrity management or safety standards could possibly have a substantial effect on us and similarly situated - 37- midstream operators. In December 2020, Congress passed the PIPES Act, some elements of which could affect our operations. The Safety of Hazardous Liquid Pipelines final rule (**Further, PHMSA adopted new regulations related to Valve Installation and Minimum Rupture Detection Standards, which became** effective July 1 **on October 5** , 2020 **2022**) **. These regulations** expands - **expand** PHMSA ' **'** s regulation of the safety of hazardous liquid pipelines by **establishing** extending reporting requirements to certain **new procedural** hazardous liquid gravity pipelines and **notification** rural gathering pipelines, establishing additional integrity management requirements for hazardous liquid **managing rupture events, and requiring the installation of rupture- mitigation valves on new or certain replaced** pipelines that **. This final rule may result in additional capital and operations and maintenance costs in the coming years. Additionally, where PHMSA has not pursued any legal requirements, state agencies, to the extent authorized,** could **enact regulatory standards** affect high consequence areas, adding new assessment and integrity requirements for certain other hazardous liquid pipelines , and expanding various inspection and leak detection requirements. These final rules are expected to result in additional operations and maintenance costs in the coming years . Rate regulation, changes to rate- making rules, or a successful challenge to the rates we charge on our pipeline systems may reduce our revenues and the amount of cash we generate. Some **For a general overview** of **federal and state regulations applicable to** our **pipeline assets, see " Overview – Governmental Regulation " included within Part I, Items 1 and 2 " Business and Properties " of this annual report. The federal and state regulations that apply to our pipeline assets can affect certain aspects of our business and the market for our products and can have a material adverse effect on our financial position, results of operations and cash flows. The FERC, pursuant to the ICA and the rules and orders promulgated thereunder, regulates the tariff rates and terms and conditions of service on our interstate liquids** pipelines **. To be lawful under** are considered interstate common carrier pipelines subject to regulation by the Federal Energy Regulatory Commission (" **ICA, tariff rates and terms and conditions of service must be on file at** FERC ") under the Interstate Commerce Act (" ICA "). The ICA requires that the rates charged for transportation on oil pipelines , a category that includes crude oil and petroleum product pipelines, be " just and reasonable " **,** and not unduly discriminatory. **Shippers may protest (and the FERC may investigate) the lawfulness of new or changed tariff rates.** The FERC **can** regulations implementing the ICA further require the rates and rules for transportation service on our oil pipelines be filed with the FERC. The ICA permits interested persons to challenge newly proposed or changed rates and authorizes the FERC to suspend the **those tariff** effectiveness of such proposed rates for a period of up to seven months and to investigate such rates . **It** If, upon completion of an **can also** investigation, the FERC finds that the proposed rate is unlawful, it is authorized to require the carrier to refund **refunds** the revenues in excess of **amounts** the prior tariff collected **(including interest) pursuant to** during the pendency of the investigation. The FERC also may investigate, upon complaint or on its own motion, rates that are **ultimately found** already in effect and may order a carrier to change its **be unlawful and prescribe new** rates prospectively. Upon **The FERC** an **and** appropriate showing, a shipper may obtain **interested parties can also challenge tariff rates and provisions that have become final and effective. The FERC can also order new rates to take effect prospectively and order** reparations **(plus interest)** for damages sustained during **past rates that exceed** the **just and reasonable level up to** two years prior to the filing **date** of a complaint . Oil pipeline carriers may change their rates in accordance with a FERC- approved indexing methodology, which allows oil pipeline carriers to charge rates up to a prescribed ceiling level that changes annually based on the year- to- year change in the U. S. Producer Price Index for Finished Goods (" PPI "). Shippers may protest rate increases made within the ceiling levels, but such protests must show that the portion of the rate increase resulting from application of the index is substantially in excess of the pipeline' s increase in costs from the previous year. Oil pipeline carriers, as a general rule, utilize this indexing methodology to change their rates. On December 17, 2020, the FERC established a new price index for the five- year period commencing July 1, 2021 and ending June 30, 2026, in which common carriers charging indexed rates are permitted to adjust their indexed ceilings annually by the PPI plus 0. 78 % . The FERC received requests **uses prescribed rate methodologies** for **approving regulated tariff** rehearing of its December 17, 2020 order. On January 20, 2022, the FERC issued an order granting rehearing requests and reduced the index to PPI minus 0. 21 %. As a result, the FERC directed oil pipeline carriers to, by March 1, 2022, reduce rates not subject to agreement between such pipeline and a shipper that would be above the new indexed rate **changes** ceiling. Such reduced rates will be in effect from March 1, 2022 until July 1, 2022. Prior to June 1, 2022, the FERC will issue a revised index, which could be positive or **for** negative **interstate liquids pipelines** . **These methodologies** Rates reflecting this revised index will become effective on July 1, 2022. Cost- of- service ratemaking, market- based rates and settlement rates are alternatives to the indexing approach and may be used in certain specified circumstances to change rates. However, these methodologies could limit **our** an oil pipeline carrier' s ability to set rates based on **our** actual costs or may delay implementation **the use of rates reflecting increased costs. We believe the transportation rates currently charged by our interstate liquids pipelines are in accordance with the ICA and applicable FERC regulations. However, due to the complexity of rate making, the lawfulness** of any proposed increase in rates - **rate is never assured** . Adverse decisions by the FERC in approving **related to** our oil pipelines' rates could adversely affect our **revenue,** financial position, results of operations **,** and cash flows. In addition to maintaining rules and rates on file at FERC for interstate movements , **if any of** we are also required to maintain rates on file with certain state regulatory authorities for intrastate movements on our petroleum products and crude oil pipelines **were found to have provided** . Tariff rates for some of our intrastate pipeline services may be subject to challenge by complaint by interested parties or by the independent action of the state regulatory authorities who have jurisdiction over our - **or otherwise operated** intrastate pipelines rates. The profitability of our regulated pipelines is influenced by fluctuations in **violation of** costs and our ability to recover any increases in our costs in the rates charged to our shippers. To the extent that our costs increase in an amount greater than what we are permitted by the FERC or state regulatory authorities to recover in our rates, or to the extent that there -- **the ICA** is a lag before we can file for and obtain rate increases , **this** such events can have a negative impact on our operating results. In addition, the FERC, state

~~regulatory authorities, or our customers~~ could **result in** ~~initiate proceedings or file complaints challenging~~ the **imposition of administrative** ~~tariff rates charged by our pipelines, which could have an~~ **and criminal remedies** ~~adverse impact on us. HFC~~ and **civil penalties** ~~other third party shippers have agreed not to challenge~~ , ~~or to cause others to challenge or assist others in challenging, our tariff rates in effect during the terms of their respective pipelines and terminals agreements; however, other current or future shippers may still challenge our tariff rates. Finally, FERC and state regulatory authorities periodically implement new rules, regulations, and policies that may adversely affect our terms and conditions of service~~ as well as **a requirement to disgorge charges collected for such services in excess of the rate established by the FERC. Any of the foregoing could adversely affect revenues and cash flow related to the affected assets. The intrastate liquids and natural gas pipeline transportation services we provide are subject to various state laws and regulations that apply to** the rates **we** ~~charged~~ - **charge** ~~for our~~ **and the terms and conditions of the** services **we offer** ~~or our costs of operation~~ . ~~Failure to comply with the FERC' s~~ **These state commissions have generally not been aggressive in** ~~regulations~~ - **regulating common carrier pipelines** and ~~applicable governing~~ **generally have not investigated the rates or practices of petroleum pipelines in the absence of shipper complaints. However, a** ~~statutes~~ --- **state regulatory commission** could **investigate our rates if such a challenge were filed and any adverse decisions could adversely affect our revenue, financial position,** ~~result~~ **results** ~~in civil penalty liability~~ of **operations** ~~up to approximately $ 14~~ , **and cash flows** ~~536 per violation per day~~ . ~~- 38-~~ There are various risks associated with greenhouse gases, climate change legislation or regulations, and increasing societal expectations that companies address climate change that could result in increased operating costs, reduced demand for our services and reduced access to capital markets. Climate change continues to attract considerable attention in the United States. Numerous proposals have been made and could continue to be made at the **international,** national, regional and state levels of government to monitor and limit existing emissions of greenhouse gases ~~(" GHGs ") as well as to~~ **. These efforts have included consideration of cap- and- trade programs, carbon taxes, climate- related disclosure obligations, and regulations that directly** limit ~~or~~ **greenhouse gas emissions from certain sources. While it presently appears unlikely that comprehensive** ~~eliminate~~ -- **climate change legislation will be passed by Congress in the near** future **, energy legislation and other regulatory initiatives are expected to be proposed that may be relevant to greenhouse gas** emissions **issues** . ~~In~~ **Moreover, in** 2021, President Biden issued several executive orders that committed to substantial action on climate change and ~~called for~~ **released " The Long- Term Strategy of the United States: Pathways to Net- Zero Greenhouse Gas Emissions by 2050, " which establishes a roadmap to net zero emissions in the United States by 2050 through** , among other things, **improving energy efficiency** ~~the increased use of zero- emission vehicles by the federal government~~ , ~~the~~ **decarbonizing energy sources via electricity, hydrogen, and sustainable biofuels,** ~~elimination~~ - **eliminating** ~~of~~ subsidies provided to the fossil fuel industry, and increased emphasis on climate- related risk across governmental agencies and economic sectors. As **- 37-** a result, our operations, and those of our customers, are subject to a series of regulatory, political, litigation, and financial risks associated with the transport of fossil fuels and emission of ~~GHGs~~ **greenhouse gases** . The EPA has adopted rules that, among other things, establish construction and operating permit reviews for ~~GHG~~ **greenhouse gas** emissions from certain large stationary sources, require the monitoring and annual reporting of ~~GHG~~ **greenhouse gas** emissions from certain petroleum and natural gas sources in the United States or require control or reduction of emissions of ~~GHGs~~ **greenhouse gases** , including methane, from such sources. In 2021, the EPA announced its intent to reconsider and revise ~~these~~ rules **related to the oil and gas sector (primarily oil production and natural gas production, distribution, and storage)** to further reduce ~~GHG~~ **greenhouse gas** emissions **,** and ~~issued a~~ **on December 6, 2022, the EPA** proposed ~~rule~~ **a supplement** that would ~~extend to existing petroleum~~ **revise and expand the 2021 proposal. Separately, the Bureau of** ~~and~~ **Land** ~~natural~~ **Management (" BLM ") has also proposed rules to limit venting, flaring, and methane leaks for oil and** gas ~~sources~~ **operations on federal lands, which could in turn adversely impact production of oil and gas on federal lands and reduce demand for the services we provide in those areas. More recently, in January 2023, the CEQ released updated guidance for agency consideration of greenhouse gas emissions and climate change impacts in environmental reviews, which includes, among other recommendations, best practices for analyzing and communicating climate change effects** . In addition, the EPA, together with the DOT, implemented ~~GHG~~ **greenhouse gas** emission and corporate average fuel economy standards for vehicles manufactured in the United States, which **standards** were revised in December 2021 to impose more stringent requirements for emissions reductions. **President Biden also reinstated the Interagency Working Group on the Social Cost of Greenhouse Gases in 2021 and directed the group to publish interim estimates of the social cost of carbon dioxide, nitrous oxide, and methane, with a view to using such estimates in federal rulemakings greenhouse gases, which it did. In November 2022, the EPA published a draft report assigning new and higher social cost values to greenhouse gas emissions for use in its rulemaking initiatives.** These and other federal efforts to reduce ~~GHG~~ **greenhouse gas** emissions from the transportation sector could increase our operating costs or reduce demand for our customers' products **. In March 2022, the SEC issued proposed rules that, if adopted, would require public companies to include certain climate- related disclosures in their registration statements and periodic reports, including information about climate- related risks, climate- related financial statement metrics, and greenhouse gas emissions. In November 2022, the Biden Administration issued a proposed rule that would require government contractors to publicly disclose their greenhouse gas emissions and set emissions reduction targets, which could affect us if we enter into contractual and business arrangements with government contractors** . Internationally, the United Nations- sponsored Paris Agreement requires member nations to submit non- binding, individually determined emissions reduction goals every five years after 2020. In 2021, the United States rejoined the Paris Agreement and issued its corresponding " nationally determined contribution " (" NDC ") to reduce economy- wide net ~~GHG~~ **greenhouse gas** emissions 50- 52 % below 2005 levels by 2030. While the NDC does not identify specific actions necessary to achieve these reductions, it lists several sectors as pathways for reductions, including the power, transportation, building, industrial, and agricultural sectors. The administration has acknowledged that a combination of regulatory actions and legislation will be

necessary to achieve the U. S. NDC. In regards to legislation, in November 2021 the United States enacted a nearly $ 1 trillion bipartisan infrastructure law, which provided significant funding for electric vehicles and clean energy technologies ~~. A separate~~ **, and in August 2022 the United States enacted the Inflation Reduction Act of 2022, which allocated $ 369 billion to** climate **change and environmental initiatives** ~~spending bill known as the Build Back Better Act~~ , ~~which could impose a~~ **including transportation electrification,** ~~fee~~ **fees** on **and greater regulation of** methane emissions, ~~among other GHG provisions, remains under consideration in~~ **and support for green energy manufacturing programs. Certain of** ~~the~~ **these initiatives are subject to ongoing litigation** ~~U. S. Congress. Ultimately~~ , **and** the impacts of these ~~orders,~~ **international initiatives** and the terms of any legislation or regulation to implement the United States' commitment under the Paris Agreement remain unclear at this time. Additionally, various states and groups of states have adopted or are considering adopting legislation, regulations or other regulatory initiatives that are focused on such areas as ~~GHG~~ **greenhouse gas** cap and trade programs, carbon taxes, reporting and tracking programs, restriction of emissions, electric vehicle mandates and combustion engine phaseouts. Any such legislation or regulatory programs could also increase the cost of consuming, and thereby reduce demand for, the crude oil and refined products that we deliver. Increasing societal expectations that companies address climate change **, including international, federal, state and local rules and regulations relating to climate change driven by such societal expectations,** and use of substitutes for energy commodities may result in increased costs, reduced demand for our customers' products and our services, reduced profits, increased investigations and litigation, **diversion of financial resources from other initiatives** and negative impacts on our unit price and access to capital markets. To the extent that societal pressures or political or other factors are involved, it is possible that such liability could be imposed on us without regard to our causation of or contribution to the asserted damage, or to other mitigating factors. ~~Furthermore~~ **In addition** , **certain capital markets participants** ~~large institutional lenders have begun to announce their own policies to meet publicly announced climate commitments~~ , **including** ~~which often involve commitments to shift lending activities in the energy sector to meet particular GHG emissions goals. As a result,~~ certain institutional ~~lenders~~ **investors and indices, have been divesting and promoting divestment of or screening out of fossil fuel equities, which could have a negative impact on our unit price and our access to and costs of capital. There is also the possibility that financial institutions** may ~~decide not~~ **be pressured or required** to ~~provide~~ **adopt policies that limit** funding **for fossil fuel energy companies. For example, in January 2023 the Federal Reserve published instructions for its pilot climate scenario analysis exercise, which the six largest American banks are required** to ~~us based on environmental concerns~~ **complete by July 31, 2023. Any material reduction in the capital available to the fossil fuel industry could make it more difficult- 38- to secure funding for exploration, development, production, transportation, and processing activities** , which could adversely **impact our business and operations. Finally, increasing concentrations of greenhouse gases in the Earth' s atmosphere may produce climate changes that have significant physical effects, such as increased frequency and severity of storms, droughts, floods, rising sea levels and other climatic events, as well as chronic shifts in temperature and precipitation patterns. These climatic developments have the potential to cause physical damage to our assets or those of our customers or disrupt our supply chains and thus could have an adverse** ~~affect~~ **effect on our operations** ~~our~~ - **or demand for our services. Additionally, changing meteorological conditions, particularly temperature, may result in changes to the amount, timing, or location of demand for energy or its production. In recent years the investment community, including investment advisors, sovereign wealth funds, pension funds, universities,** financial ~~condition~~ **institutions, including institutional banks, lenders,** and ~~access~~ **insurance companies, and other groups have become more attentive** to ~~capital for potential growth projects. These impacts could be intensified if United States' financial regulators were to promulgate~~ **ESG and sustainability related practices and have been lobbied intensively, and often publicly, by environmental activists concerned about** climate change ~~requirements~~ **to limit or curtail activities with fossil fuel energy companies. There has also been an increase** in **third- party providers of company ESG ratings, and more ESG- focused voting policies among proxy advisory firms, portfolio managers, and institutional investors. As a result, some investors, funds, financial institutions and** ~~the~~ **other capital markets participants may screen companies such as ours for ESG performance before investing in our common stock or debt securities, or lending to us or have imposed restrictions upon or otherwise limited lending to, investing in, or providing insurance coverage for, companies that operate in industries with higher perceived environmental exposure, such as the energy industry. If we are unable to meet the ESG standards or investment, lending, ratings, or voting criteria and policies set by these parties, we may lose investors, investors may allocate a portion of their capital away from us, we may become a target for ESG- focused activism, we may face increased costs of or limitations on access to capital or insurance necessary to sustain or grow our business, the price of our common stock or debt securities may be adversely impacted, demand for our services and refined petroleum products may be adversely impacted, and our reputation may be adversely affected, all of which could adversely impact our** future **financial results. Members of the investment community are also increasing their focus on ESG practices and disclosures, including those related to climate change, GHG emissions targets, business resilience under the assumptions of demand- constrained scenarios, and net- zero ambitions in the energy industry in particular, as well as diversity, equality, and inclusion initiatives, political activities, and governance standards among companies more generally. As a result, we may face increasing pressure or negative publicity regarding our ESG practices and disclosures and demands for ESG- focused engagement from investors, stakeholders, and other interested parties. This could result in higher costs, disruption and diversion of management attention, an increased strain on our resources, and the implementation of certain ESG practices or disclosures that may present a heightened level of legal and regulatory risk, or that threaten our credibility with other investors and stakeholders** . RISKS RELATED TO CYBERSECURITY, DATA SECURITY ~~,~~ AND **PRIVACY,** INFORMATION TECHNOLOGY ~~We may be~~ **AND INTELLECTUAL PROPERTY Our business is** subject to information technology **and cybersecurity risks to operational** ~~system~~ **systems** ~~failures~~ , ~~communications network disruptions~~ **security systems,**

infrastructure, and **customer** data ~~breaches. We depend on the efficient~~ **processed by us, third- party vendors or suppliers,** and ~~uninterrupted operation of hardware and software systems and infrastructure~~ **any material failure, weakness, interruption, cyber event** , including ~~our operating, communications and~~ - **an incident** ~~financial reporting systems. These systems are critical in meeting customer expectations, effectively tracking, maintaining and operating our~~ - **or breach of** ~~equipment, directing and compensating our employees, and interfacing with our financial reporting system. We have implemented safeguards and other preventative measures to protect our systems and- 39- data, including sophisticated network~~ security ~~and internal control measures; however~~ , **could prevent us** ~~our~~ - **or** ~~information technology systems and communications network, and those of our information technology and communication service providers, remain vulnerable to interruption by natural disasters, power loss, telecommunications failure, terrorist attacks, vandalism, Internet failures, computer malware, ransomware, cyberattacks, data breaches and other events unforeseen or generally beyond our control. Additionally, the implementation of social distancing measures and other limitations on our employees, service providers and other~~ third parties **we rely** ~~in response to the COVID- 19 pandemic have necessitated in certain cases to switching to remote work arrangements~~ on **from effectively operating** ~~less secure systems and environments. The increase in companies and individuals working remotely has increased the risk of cyberattacks and potential cybersecurity incidents, both deliberate attacks and unintentional events. In addition, information technology system failures, network disruptions (whether intentional by a third party or~~ **our business** ~~due to natural disaster)~~ , **harm** ~~breaches of network or~~ **our** ~~data security,~~ **reputation or materially adversely affect** ~~or~~ **our** ~~disruption or failure~~ **business, results** of ~~the network system used to monitor and control pipeline and terminal~~ operations ~~could disrupt our~~ - **or** ~~operations by impeding our processing of transactions, our ability to protect customer or company information and our financial reporting. Although we have taken steps to address these concerns by implementing sophisticated network security and internal control measures, a system failure or data security breach could have a material adverse effect on our~~ financial condition ~~, results of operations or cash flows. Cyberattacks or security breaches could have a material adverse effect on our business, financial condition, results of operations or cash flows~~ . Our business is dependent upon **increasingly complex** information technology systems and other digital technologies for controlling our plants and pipelines, processing transactions and summarizing and reporting results of operations. The secure **collection,** processing, maintenance **, storage** and transmission of information is critical to our operations **. We are at risk for interruptions, outages and breaches of operational systems, including business, financial, accounting, data or processing, owned by us or our third- party vendors or suppliers; or third- party data that we process or our third- party partners process on our behalf. Such cyber incidents could materially disrupt or shut down operational systems; result in loss of, access to, or copying or transfer of intellectual property, trade secrets or other proprietary or competitively sensitive information; compromise certain information of customers, employees, suppliers, drivers or others; and jeopardize the security of our facilities** . We monitor our information technology systems on a 24 / 7 basis in an effort to detect cyberattacks, security breaches or unauthorized access. Preventative and detective measures we utilize include independent cybersecurity audits and penetration tests. We implemented these efforts along with other risk mitigation procedures **designed** to detect and address unauthorized and damaging activity on our network, stay abreast of the increasing cybersecurity threat landscape and improve our cybersecurity posture **, but such efforts will require updates and improvements and there is no guarantee that such measures will be adequate to detect, prevent or mitigate cyber incidents. Any implementation, maintenance, segregation and improvement of our systems may require significant management time, support and cost and may not be effective or adequate.- 39- A cyber incident could be caused by disasters, insiders (through inadvertence or with malicious intent) or malicious third parties (including nation- states or nation- state supported actors) using sophisticated, targeted methods to circumvent firewalls, encryption and other security defenses, including hacking, fraud, trickery or other forms of deception that are generally beyond our control despite our implementation of protective measures** . While there have been immaterial incidents of unauthorized access to our information technology systems, we have not experienced any **material** impact on our business or operations from these attacks. In addition, information technology system failures, communications network disruptions (whether intentional by a third party or due to natural disaster), and security breaches could still impact equipment and software used to control plants and pipelines, resulting in improper operation of our assets, potentially including delays in the delivery or availability of our customers' products, contamination or degradation of the products we transport, store or distribute, or releases of hydrocarbon products and other damage to our facilities for which we could be held liable. **These information technology system failures, communications network disruptions, and security breaches could also cause us to breach our contractual arrangements with other parties, or subject us to regulatory actions or litigation. Furthermore, we collect and store sensitive data in the ordinary course of our business, including personally identifiable information of our employees as well as our proprietary business information and that of our customers, suppliers, investors and other stakeholders. We also work with third- party partners that may in the course of their business relationship with us collect, store, process and transmit sensitive data on our behalf and in connection with our products and services offerings.** Despite our security measures, ~~our~~ **ours or our third- party partners'** information technology systems may become the target of cyberattacks or security breaches (including employee error, malfeasance or other **intentional or unintentional** breaches) **, which are generally beyond our control** , which could result in the theft or loss of the stored information, misappropriation of assets, disruption of transactions and reporting functions, our ability to protect confidential information and our financial reporting. **Our efforts to improve security and protect data may result in increased capital and operating costs to modify, upgrade or enhance our security measures to protect against such cyber- attacks and we may face difficulties in fully anticipating or implementing adequate security measures or mitigating potential harm.** Moreover **, as technologies evolve and cyberattacks become increasingly sophisticated** , we may not be able to anticipate, detect or prevent cyberattacks or security breaches, particularly because the methodologies used by attackers change frequently or may not be recognized until **after** such attack is launched, and because attackers are increasingly using technologies specifically designed to circumvent cybersecurity

measures and avoid detection. Even with insurance coverage for cyberattacks, data breaches or unauthorized access of our **or a third- party partner' s** information technology systems, a claim could be denied or coverage delayed. **Moreover** ~~In addition~~ , **it is increasingly difficult to buy sufficient cyber insurance coverages** as ~~technologies evolve,~~ **the insurance market has been limiting both liability under cyber policies** and ~~cyberattacks become increasingly sophisticated~~ **the issuance of said policies** , **generally** ~~we may incur significant costs to modify, upgrade or enhance our security measures to protect against such cyberattacks and we may face difficulties in fully anticipating or implementing adequate security measures or mitigating potential harm~~ . A cyberattack or security breach could result in liability under data privacy laws, regulatory penalties, damage to our reputation, or additional costs for remediation and modification or enhancement of our information systems to prevent future occurrences, all of which could have a material and adverse effect on our business, financial condition, results of operations or cash flows. **We may be subject to information technology system failures, communications network disruptions and data breaches that are generally beyond our control. We depend on the efficient and uninterrupted operation of third- party hardware and software systems and infrastructure, including our operating, communications and financial reporting systems. We have implemented safeguards and other preventative measures designed to protect our systems and data, however, our information technology systems and communications network, and those of our information technology and communication service providers, remain vulnerable to interruption by natural disasters, power loss, telecommunications failure, terrorist attacks, vandalism, Internet failures, computer malware, ransomware, cyberattacks, data breaches and other events unforeseen or generally beyond our control. Additionally, the implementation of social distancing measures and other limitations on our employees, service providers and other third parties in response to the COVID- 19 pandemic have necessitated in certain cases to switching to remote work arrangements on less secure systems and environments. The increase in companies and individuals working remotely has increased the risk of cyberattacks and potential cybersecurity incidents, both deliberate attacks and unintentional events. Any of these events could cause system interruptions, delays, and loss of critical data, and could prevent us from operating, which could make our business and services less attractive and subject us to liability. Any of these events could damage our reputation and be expensive to remedy. In addition, information technology system failures, network disruptions (whether intentional by a third party or due to natural disaster), breaches of network or data security, or disruption or failure of the network system used to monitor and control pipeline and terminal operations could disrupt our operations by impeding our processing of transactions, our ability to protect customer or company information and our financial reporting. Although we have taken steps to address these concerns by implementing sophisticated network security and internal control measures, a system failure or data security breach could have a material adverse effect on our financial condition, results of operations or cash flows.** Our business is subject to complex and evolving laws, regulations and security standards regarding **data** privacy, cybersecurity and data protection (" data protection ~~laws~~ **obligations** "). Many of these data protection ~~laws~~ **obligations** are subject to change and uncertain interpretation, **any real or perceived failure to comply with such obligations** and could result in **- 40-** 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~~ **obligations** could increase the costs and complexity of compliance **and enforcement risks** . 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 **privacy and** protection ~~laws~~ **obligations** could result in proceedings or actions against us by governmental entities or others, subject us to significant fines, penalties, judgments, and negative publicity, require us to change our business practices, increase the costs and complexity of compliance, and adversely affect our business. Our compliance with emerging **data** privacy / security laws, as well as any associated inquiries or investigations or any other government actions related to these laws, may increase our operating costs **or subject us to legal and reputational risks, including significant awards, fines, civil or criminal penalties or judgments, proceedings or litigation by governmental agencies or customers, class action privacy litigation in certain jurisdictions and negative publicity** . ~~- 40-~~ 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 **maintain** ~~remain in~~ compliance with these **evolving** government regulations may ~~results~~ **result** in enforcement actions which may **then result in significant time, support and cost and** have a material adverse effect on our business and operations. RISKS RELATED TO LIQUIDITY, FINANCIAL INSTRUMENTS AND CREDIT ~~The renewal or replacement of existing contracts with our customers at~~ **We use both fixed and variable rate debt, and we are exposed to market risk due to the floating interest** rates ~~sufficient~~ **on our credit facility. In addition, interest rates on future debt offerings could be higher, causing our financing costs** to ~~maintain current revenues and~~ **increase accordingly. Our results of operations,** cash flows ~~depends on a number of factors outside our control, including competition from other pipelines and the demand for refined products in the markets that we serve. Our long-term pipeline and terminal, tankage and refinery processing unit throughput agreements with HFC and a third party customer will expire beginning in 2022 through 2036. On September 30, 2019, Delek exercised its first renewal option (the " Renewal ") under this agreement for an~~ **and financial position could be adversely affected by significant increases in interest rates** ~~additional five- year period beginning April 1, 2020, but only with respect to specific assets. For the refined product pipelines~~

~~and refined product terminals that were not subject to the Renewal and which accounted for approximately $ 15 million to $ 16 million of our annual revenues from Delek as of December 31, 2019, the agreement terminated as of March 31, 2020. We reached a short- term agreement with Delek on a majority of the pipeline and terminal assets that were not part of the Renewal. We continue to explore avenues that will maximize value of the non- Renewal assets~~ . Our leverage may limit our ability to borrow additional funds, comply with the terms of our indebtedness or capitalize on business opportunities. As of December 31, ~~2021~~ **2022** , the principal amount of our total outstanding debt was $ 1, ~~340~~ **556** million. On February 4, 2020, we closed a private placement of $ 500 million 5. 0 % senior notes due 2028 (the " 5 % Senior Notes ") **and on April 8, 2022, we closed a private placement of $ 400 million 6. 375 % senior notes due 2027 (the" 6. 375 % Senior Notes," and together with the 5 % Senior Notes, the" Senior Notes")** . Various limitations in our Credit Agreement and the indenture for our ~~5 %~~ Senior Notes may reduce our ability to incur additional debt, to engage in some transactions and to capitalize on business opportunities. Any subsequent refinancing of our current indebtedness or any new indebtedness could have similar or greater restrictions. Our leverage could have important consequences. We require substantial cash flow to meet our payment obligations with respect to our indebtedness. Our ability to make scheduled payments, to refinance our indebtedness or our ability to obtain additional financing in the future will depend on our financial and operating performance, which, in turn, is subject to then- current economic conditions and to financial, business, competitive, regulatory and other factors. We believe that we will have sufficient cash flow from operations and available borrowings under our Credit Agreement to service our indebtedness. However, a significant downturn in our business or other development adversely affecting our cash flow could materially impair our ability to service our indebtedness. We cannot guarantee that we would be able to refinance our existing indebtedness at maturity or otherwise or sell assets on terms that are commercially reasonable. The instruments governing our debt contain restrictive covenants that may prevent us from engaging in certain transactions. The agreements governing our debt generally require us to comply with various affirmative and negative covenants including the maintenance of certain financial ratios and restrictions on incurring additional debt, entering into mergers, consolidations and sales of assets, making investments and granting liens. Our leverage may adversely affect our ability to fund future working capital, capital expenditures and other general partnership requirements, future acquisitions, construction or development activities, or to otherwise realize fully the value of our assets and opportunities because of the need to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness or to comply with any restrictive terms of our indebtedness. Our leverage also may make our results of operations more susceptible to adverse economic and industry conditions by limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate and may place us at a competitive disadvantage as compared to our competitors that have less debt. **- 41-** We may not be able to obtain funding on acceptable terms or at all because of volatility and uncertainty in the credit and capital markets. This may hinder or prevent us from meeting our future capital needs. The domestic and global financial markets and economic conditions are disrupted and volatile from time to time due to a variety of factors, including low consumer confidence, high unemployment, geoeconomic and geopolitical issues, including U. S. government shutdowns, weak economic conditions and uncertainty in the financial services sector. In addition, the fixed- income markets have experienced periods of extreme volatility, which negatively impacted market liquidity conditions. As a ~~- 41-~~ result, the cost of raising money in the debt and equity capital markets has increased substantially at times while the availability of funds from these markets diminished significantly. In particular, as a result of concerns about the stability of financial markets generally and the solvency of lending counterparties specifically, the cost of obtaining money from the credit markets may increase as many lenders and institutional investors increase interest rates, enact tighter lending standards, refuse to refinance existing debt on similar terms or at all and reduce, or in some cases cease, to provide funding to borrowers. In addition, lending counterparties under existing revolving credit facilities and other debt instruments may be unwilling or unable to meet their funding obligations. Due to these factors, we cannot be certain that new debt or equity financing will be available on acceptable terms. If funding is not available when needed, or is available only on unfavorable terms, we may be unable to: • continue our business as currently structured and / or conducted; • meet our obligations as they come due; • execute our growth strategy; • complete future acquisitions or construction projects; • take advantage of other business opportunities; or • respond to competitive pressures. Any of the above could have a material adverse effect on our revenues and results of operations ~~. We use both fixed and variable rate debt, and we are exposed to market risk due to the floating interest rates on our credit facility. In addition, interest rates on future debt offerings could be higher, causing our financing costs to increase accordingly. Our results of operations, cash flows and financial position could be adversely affected by significant increases in interest rates. A portion of our borrowing capacity and outstanding indebtedness bears interest at a variable rate based on the London Interbank Offered Rate (" LIBOR "). The ICE Benchmark Administration Limited (" IBA ") announced that it will cease calculating and publishing all USD LIBOR tenors on June 30, 2023 and cease calculating and publishing certain USD LIBOR tenors on December 31, 2021. Further, U. K. and U. S. regulatory authorities recently issued statements encouraging banks to cease entering into new USD LIBOR based loans by no later than December 31, 2021 and to continue to transition away from USD LIBOR based loans in preparation of IBA ceasing to calculate and publish LIBOR based rates on June 30, 2023. These developments may cause fluctuations in LIBOR rates and pricing of USD LIBOR based loans that are not transitioned to a new benchmark rate. The agreements that govern our variable rate indebtedness contain customary transition and fallback provisions in contemplation of the cessation of LIBOR. Nevertheless, at this time, it is not possible to predict the effect that these developments, any discontinuance, modification or other reforms to LIBOR or any other reference rate, or the establishment of alternative reference rates may have on LIBOR, other benchmarks or variable rate indebtedness. Uncertainty as to the nature of such potential discontinuance, modification, alternative reference rates or other reforms may materially adversely affect the trading market for securities linked to such benchmarks. Furthermore, the use of alternative reference rates or other reforms could cause the market value of, the applicable interest rate on and the amount of interest paid on our variable rate indebtedness to be materially different than expected and could cause our interest expense to increase~~ . Our

ability to pay quarterly distributions depends primarily on cash flow (including cash flow from operations, financial reserves and credit facilities) and not solely on profitability, which is affected by non- cash items. As a result, we may pay cash distributions during periods of losses and may be unable to pay cash distributions during periods of income. Our ability to generate sufficient cash from operations is largely dependent on our ability to manage our business successfully which may also be affected by economic, financial, competitive, regulatory, and other factors that are beyond our control. Because the cash we generate from operations will fluctuate from quarter to quarter, quarterly distributions may also fluctuate from quarter to quarter. We are subject to risks of loss resulting from nonpayment or nonperformance by our or our joint ventures' customers, vendors or other counterparties. We and our joint ventures derive a significant portion of our revenues from contracts with key ~~- 42-~~ customers, particularly ~~HFC~~ - **HF Sinclair**, under its pipelines and terminals, tankage, tolling and throughput agreements. To the extent that our or our joint ventures' customers are unable to meet the specifications of their customers, we would be adversely affected unless we were able to make comparably profitable arrangements with other customers. Mergers among our existing customers could provide strong economic incentives for the combined entities to use systems other than ours, and we could experience difficulty in replacing lost volumes and revenues. Because a significant portion of our operating costs are fixed, a reduction in volumes would result not only in a reduction of revenues, but also a decline in net income and cash flow of a similar magnitude, which would reduce our ability to meet our financial obligations and make distributions to unitholders. If any of our or our joint ventures' key customers default on their obligations, our financial results could be adversely affected. Furthermore, some of our or our joint ventures' customers may be highly leveraged and subject to their own operating and regulatory risks. In addition, nonperformance by vendors who have committed to provide us with products or services could result in higher costs or interfere with our ability to successfully conduct our business. Any substantial increase in the nonpayment and / or nonperformance by our or our joint ventures' customers or vendors could have a material adverse effect on our results of operations and cash flows. **- 42-** In addition, in connection with the acquisition of certain of our assets, we have entered into agreements pursuant to which various counterparties, including ~~HFC~~ - **HF Sinclair**, have agreed to indemnify us, subject to certain limitations, for: • certain pre- closing environmental liabilities discovered within specified time periods after the date of the applicable acquisition; • certain matters arising from the pre- closing ownership and operation of assets; and • ongoing remediation related to the assets. Our business, results of operation, cash flows and our ability to make cash distributions to our unitholders could be adversely affected in the future if third parties fail to satisfy an indemnification obligation owed to us. Our ability to access capital markets is important to our ability to operate our business. Regional and national economic conditions, increased scrutiny of the energy industry and regulatory changes, as well as changes in our economic performance, could result in credit agencies reexamining our credit rating. We are in compliance with all covenants or other requirements set forth in our Credit Agreement. Further, we do not have any rating downgrade triggers that would automatically accelerate the maturity dates of any debt. While credit ratings reflect the opinions of the credit agencies issuing such ratings and may not necessarily reflect actual performance, a downgrade in our credit rating could affect adversely our ability to borrow on, renew existing, or obtain access to new financing arrangements, could increase the cost of such financing arrangements, could reduce our level of capital expenditures and could impact our future earnings and cash flows. The credit and business risk profiles of our general partner, and of ~~HFC~~ - **HF Sinclair** as the indirect owner of our general partner, may be factors in credit evaluations of us as a master limited partnership due to the significant influence of our general partner and its indirect ownership over our business activities, including our cash distribution policy, acquisition strategy and business risk profile. Another factor that may be considered is the financial condition of our general partner and its owners, including the degree of their financial leverage and their dependence on cash flow from the partnership to service their indebtedness. RISKS TO COMMON UNITHOLDERS ~~HFC~~ - **HF Sinclair** and its affiliates may have conflicts of interest and limited fiduciary duties, which may permit them to favor their own interests. Currently, ~~HFC~~ - **HF Sinclair** and certain of its subsidiaries collectively own a ~~57~~ **47** % limited partner interest and a non- economic general partner interest in us and controls HLS, the general partner of our general partner, HEP Logistics. Conflicts of interest may arise between ~~HFC~~ - **HF Sinclair** and its affiliates, including our general partner, on the one hand, and us, on the other hand. As a result of these conflicts, the general partner may favor its own interests and the interests of its other affiliates over our interests. These conflicts include, among others, the following situations: ~~- 43-~~ • ~~HFC~~ - **HF Sinclair**, as a shipper on our pipelines, has an economic incentive not to cause us to seek higher tariff rates or terminalling fees, even if such higher rates or terminalling fees would reflect rates that could be obtained in arm' s- length, third- party transactions; • ~~HFC~~ - **HF Sinclair** ' s directors and officers have a fiduciary duty to make business decisions in the best interests of the stockholders of ~~HFC~~ - **HF Sinclair**; • our general partner is allowed to take into account the interests of parties other than us, such as ~~HFC~~ - **HF Sinclair**, in resolving conflicts of interest; • our partnership agreement provides for modified or reduced fiduciary duties for our general partner, and also restricts the remedies available to our unitholders for actions that, without the limitations, might constitute breaches of fiduciary duty; • our general partner determines which costs incurred by ~~HFC~~ - **HF Sinclair** and its affiliates are reimbursable by us; • our partnership agreement does not restrict our general partner from causing us to pay it or its affiliates for any services rendered to us or entering into additional contractual arrangements with any of these entities on our behalf; • our general partner may, in some circumstances, cause us to borrow funds to make cash distributions, even where the purpose or effect of the borrowing benefits our general partner or affiliates; • our general partner determines the amount and timing of our asset purchases and sales, capital expenditures and borrowings, each of which can affect the amount of cash available to us; and • our general partner controls the enforcement of obligations owed to us by our general partner and its affiliates, including the pipelines and terminals agreement with ~~HFC~~ - **HF Sinclair**. **- 43-** Cost reimbursements, which will be determined by our general partner, and fees due to our general partner and its affiliates for services provided, are substantial. Under our Omnibus Agreement, we are obligated to pay ~~HFC~~ - **HF Sinclair** an administrative fee of currently $ ~~2~~ **5**. ~~6~~ **0** million per year for the provision by ~~HFC~~ - **HF Sinclair** or its affiliates of various general and administrative services for our benefit. The administrative fee is subject to an annual upward adjustment for changes in PPI. In addition, we are required to reimburse ~~HFC~~ - **HF Sinclair**

pursuant to the secondment arrangement for the wages, benefits, and other costs of ~~HFC~~ - **HF Sinclair** employees seconded to HLS to perform services at certain of our processing, refining, pipeline and tankage assets. We can neither provide assurance that ~~HFC~~ - **HF Sinclair** will continue to provide us the officers and employees that are necessary for the conduct of our business nor that such provision will be on terms that are acceptable to us. If ~~HFC~~ - **HF Sinclair** fails to provide us with adequate personnel, our operations could be adversely impacted. The administrative fee and secondment allocations are subject to annual review and may increase if we make an acquisition that requires an increase in the level of general and administrative services that we receive from ~~HFC~~ - **HF Sinclair** or its affiliates **. For example, in connection with the HEP Transaction, we paid HF Sinclair a temporary monthly fee of $ 62, 500 through November 30, 2022 relating to transition services provided to us by HF Sinclair** . Our general partner will determine the amount of general and administrative expenses that will be allocated to us in accordance with the terms of our partnership agreement. In addition, our general partner and its affiliates are entitled to reimbursement for all other expenses they incur on our behalf, including the salaries of and the cost of employee benefits for employees of HLS who provide services to us. Prior to making any distribution on the common units, we will reimburse our general partner and its affiliates, including officers and directors of the general partner, for all expenses incurred on our behalf, plus the administrative fee. The reimbursement of expenses and the payment of fees could adversely affect our ability to make distributions. The general partner has sole discretion to determine the amount of these expenses. Our general partner and its affiliates also may provide us other services for which we are charged fees as determined by our general partner. Increases in interest rates could adversely impact our unit price and our ability to issue additional equity to make acquisitions, fund expansion capital expenditures, or for other purposes. As with other yield- oriented securities, our unit price is impacted by the level of our cash distributions and implied distribution yield. The distribution yield is often used by investors to compare and rank related yield- oriented securities for investment decision- making purposes. Therefore, changes in interest rates, either positive or negative, may affect the yield requirements of investors who invest in our units and a rising interest rate environment could have an adverse impact on our unit price and our ability to issue additional equity to make acquisitions, fund expansion capital expenditures or for other purposes. If we then issue additional equity at a significantly lower price, material dilution to our existing unitholders could result. Unlike the holders of common stock in a corporation, unitholders have only limited voting rights on matters affecting our business and, therefore, limited ability to influence management' s decisions regarding our business. Unitholders did not elect our general partner or the board of directors of HLS and have no right to do so on an annual or other continuing basis. The board of directors of HLS is chosen by the sole member of HLS. If unitholders are dissatisfied with the performance of our ~~- 44-~~ general partner, they will have little ability to remove our general partner. As a result of these limitations, the price at which the common units trade could be diminished because of the absence or reduction of a takeover premium in the trading price. The vote of the holders of at least 66 2 / 3 % of all outstanding units voting together as a single class is required to remove the general partner. Unitholders will be unable to remove the general partner without its consent because the general partner and its affiliates own sufficient units to prevent its removal. Unitholders' voting rights are further restricted by the partnership agreement provision providing that any units held by a person that owns 20 % or more of any class of units then outstanding (other than the general partner, its affiliates, their transferees, and persons who acquired such units with the prior approval of the board of directors of the general partner' s general partner) cannot vote on any matter; however, no such person currently exists. Our partnership agreement also contains provisions limiting the ability of unitholders to call meetings, acquire information about our operations, and influence the manner or direction of management. Our general partner may transfer its general partner interest to a third party in a merger or in a sale of all or substantially all of its assets without the consent of the unitholders. Furthermore, our partnership agreement does not restrict the ability of the partners of our general partner from transferring their respective partnership interests in our general partner to a third party. The new partners of our general partner would then be in a position to replace the board of directors and officers of the general partner of our general partner with their own choices and to control the decisions made by the board of directors and officers. **- 44-** Under our partnership agreement, provided there is no significant decrease in our operating performance, we may issue an unlimited number of limited partner interests of any type without the approval of our unitholders, and HEP currently has a shelf registration on file with the SEC pursuant to which it may issue up to $ 2. 0 billion in additional common units. On May 10, 2016, HEP established a continuous offering program under the shelf registration statement pursuant to which HEP may issue and sell common units from time to time, representing limited partner interests, up to an aggregate gross sales amount of $ 200 million. As of December 31, ~~2021~~ **2022** , HEP has issued 2. 4 million units under this program for gross consideration of $ 82. 3 million **. No units were issued under the program during the year ended December 31, 2022** . The issuance by us of additional common units or other equity securities of equal or senior rank will have the following effects: • our unitholders' proportionate ownership interest in us will decrease; • the amount of cash available for distribution on each unit may decrease; • the relative voting strength of each previously outstanding unit may be diminished; and • the market price of the common units may decline. Our partnership agreement does not give our unitholders the right to approve our issuance of equity securities ranking junior to the common units at any time. In establishing cash reserves, our general partner may reduce the amount of cash available for distribution to unitholders. Our partnership agreement requires us to distribute all available cash to our unitholders; however, it also requires our general partner to deduct from operating surplus cash reserves that it establishes are necessary to fund our future operating expenditures. In addition, our partnership agreement permits our general partner to reduce available cash by establishing cash reserves for the proper conduct of our business, to comply with applicable law or agreements to which we are a party, or to provide funds for future distributions to partners. These cash reserves will affect the amount of cash available to make the required payments to our debt holders or distributions on our common units every quarter. ~~HFC~~ - **HF Sinclair** and its affiliates may engage in limited competition with us. ~~HFC~~ - **HF Sinclair** and its affiliates may engage in limited competition with us. Pursuant to the Omnibus Agreement, ~~HFC~~ - **HF Sinclair** and its affiliates agreed not to engage in the business of operating intermediate or refined product pipelines or terminals, crude oil pipelines or terminals, truck racks or crude

oil gathering systems in the continental United States. The Omnibus Agreement, however, does not apply to: • any business operated by ~~HFC~~ - **HF Sinclair** or any of its subsidiaries at the closing of our initial public offering; • any business or asset that ~~HFC~~ - **HF Sinclair** or any of its subsidiaries acquires or constructs that has a fair market value or construction cost of less than $ 5 million; and ~~- 45-~~ • any business or asset that ~~HFC~~ - **HF Sinclair** or any of its subsidiaries acquires or constructs that has a fair market value or construction cost of $ 5 million or more if we have been offered the opportunity to purchase the business or asset at fair market value, and we decline to do so. In the event that ~~HFC~~ - **HF Sinclair** or its affiliates no longer control our partnership or there is a change of control of ~~HFC~~ - **HF Sinclair** , the non- competition provisions of the Omnibus Agreement will terminate. If at any time our general partner and its affiliates own more than 80 % of the common units (which it does not presently), our general partner will have the right (which it may assign to any of its affiliates or to us) but not the obligation to acquire all, but not less than all, of the common units held by unaffiliated persons at a price not less than their then- current market price. As a result, a holder of common units may be required to sell its units at a time or price that is undesirable to it and may not receive any return on its investment. A common unitholder may also incur a tax liability upon a sale of its units. **- 45-** A unitholder may not have limited liability if a court finds that unitholder actions constitute control of our business or that we have not complied with state partnership law. Under Delaware law, a unitholder could be held liable for our obligations to the same extent as a general partner if a court determined that the right of unitholders to remove our general partner or to take other action under our partnership agreement constituted participation in the " control " of our business. Our general partner generally has unlimited liability for our obligations, such as our debts and environmental liabilities, except for those contractual obligations that are expressly made without recourse to our general partner. In addition, Section 17- 607 and 17- 804 of the Delaware Revised Uniform Limited Partnership Act provides that under some circumstances, a unitholder may be liable to us for the amount of a distribution for a period of three years from the date of the distribution. Further, we conduct business in a number of states. In some of those states the limitations on the liability of limited partners for the obligations of a limited partnership have not been clearly established. The unitholders might be held liable for the partnership' s obligations as if they were a general partner if a court or government agency determined that we were conducting business in the state but had not complied with the state' s partnership statute. ~~HFC~~ - **HF Sinclair and our other significant unitholders** may sell **our common** units in the public or private markets, and such sales could have an adverse impact on the trading price of ~~the~~ **our** common units. Additionally, ~~HFC~~ - **HF Sinclair** may pledge or hypothecate its common units or its interest in us. **As of February 15, 2023,** ~~HFC~~ - **HF** ~~currently holds~~ **Sinclair held** 59, 630, 030 **of our common units and REH Company, our next largest unitholder, held 21, 000, 000** of our common units, which is approximately ~~57~~ **47 % and 16. 6** % of our outstanding common units **, respectively** . The sale of these **common** units **(or the perception that these sales may occur)** in the public or private markets **by HF Sinclair or REH Company** could have an adverse impact on the trading price of our common units. Additionally, we agreed to provide **both** ~~HFC~~ - **HF Sinclair and REH Company** registration rights with respect to our common units that ~~it~~ **they** ~~holds~~ - **hold** . ~~HFC~~ - **HF Sinclair** may pledge or hypothecate its common units, and such pledge or hypothecation may include terms and conditions that might result in an adverse impact on the trading price of our common units. TAX RISKS TO COMMON UNITHOLDERS Our tax treatment depends on our status as a partnership for U. S. federal income tax purposes and not being subject to a material amount of entity- level taxation by individual states. If the IRS were to treat us as a corporation for U. S. federal income tax purposes or if we were to become subject to additional amounts of entity- level taxation for federal or state tax purposes, our cash available for distribution to our unitholders could be substantially reduced. The anticipated after- tax economic benefit of an investment in our common units depends largely on our being treated as a partnership for U. S. federal income tax purposes. Despite the fact that we are organized as a limited partnership under Delaware law, we would be treated as a corporation for U. S. federal income tax purposes unless we satisfy a " qualifying income " requirement. Based upon our current operations and current Treasury Regulations, we believe we satisfy the qualifying income requirement. Failing to meet the qualifying income requirement or a change in current law could cause us to be treated as a corporation for U. S. federal income tax purposes or otherwise subject us to taxation as an entity. If we were treated as a corporation for U. S. federal income tax purposes, we would pay U. S. federal income tax on our taxable income at the corporate tax rate. Distributions to unitholders would generally be taxed again as corporate distributions, and no ~~- 46-~~ income, gains, losses or deductions would flow through to unitholders. Because a tax would be imposed upon us as a corporation, our cash available for distribution to unitholders ~~could~~ **would** be substantially reduced. Therefore, our treatment as a corporation ~~could~~ **would** result in a material reduction in the anticipated cash flow and after- tax return to unitholders, likely causing a substantial reduction in the value of our common units. At the entity level, if we were subject to U. S. federal income tax, we would also be subject to the income tax provisions of many states. Moreover, states are evaluating ways to independently subject partnerships to entity- level taxation through the imposition of state income taxes, franchise taxes and other forms of taxation. For example, we are required to pay Texas margin tax on any income apportioned to Texas, despite our status as a partnership. Imposition of any additional such taxes or an increase in the existing tax rates could reduce the cash available for distributions to our unitholders. Our partnership agreement provides that if a law is enacted or existing law is modified or interpreted in a manner that subjects us to taxation as a corporation or otherwise subjects us to entity- level taxation for federal, state or local income tax purposes, the minimum quarterly distribution amount and the target distribution amounts may be adjusted to reflect the impact of that law on us. **- 46-** The tax treatment of publicly traded partnerships or an investment in our common units could be subject to potential legislative, judicial or administrative changes or differing interpretations, possibly applied on a retroactive basis. The present U. S. federal income tax treatment of publicly traded partnerships or an investment in our common units may be modified by administrative, legislative or judicial changes and differing interpretations at any time. Members of Congress have frequently proposed and considered similar substantive changes to the existing U. S. federal income tax laws that would affect publicly traded partnerships, including proposals that would eliminate our ability to qualify for partnership tax treatment. In addition, the Treasury Department has issued, and in the future may issue, regulations interpreting those laws that affect publicly traded

partnerships. There can be no assurance that there will not be further changes to U. S. federal income tax laws or the Treasury Department' s interpretation of the qualifying income rules in a manner that could impact our ability to qualify as a partnership in the future, which could also negatively impact the value of an investment in our common units. Any modification to the U. S. federal income tax laws and interpretations thereof may be applied retroactively and could make it more difficult or impossible for us to meet the qualifying income requirement to be treated as a partnership for U. S. federal income tax purposes **. We are unable to predict whether any changes or proposals will ultimately be enacted** . You are urged to consult with your own tax advisor with respect to the status of legislative, regulatory or administrative developments and proposals and their potential effect on your investment in our common units. If the IRS contests the U. S. federal income tax positions we take, the market for our common units may be adversely impacted, and the cost of any IRS contest will reduce our cash available for distribution to our unitholders. The IRS may adopt positions that differ from the positions we have taken or may take on tax matters. It may be necessary to resort to administrative or court proceedings to sustain some or all of the positions we take, and a court may not agree with some or all of the positions we take. Any contest with the IRS may materially and adversely impact the market for our common units and the price at which they trade. In addition, the costs of any contest with the IRS would be borne indirectly by our unitholders and general partner because the costs will reduce our cash available for distribution. If the IRS makes audit adjustments to our income tax returns for tax years beginning after December 31, 2017, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us, in which case our cash available for distribution to our unitholders might be substantially reduced, and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on their behalf. Pursuant to the Bipartisan Budget Act of 2015, for tax years beginning after December 31, 2017, if the IRS makes audit adjustments to our income tax returns, it (and some states) may assess and collect any taxes (including any applicable penalties and interest) resulting from such audit adjustment directly from us. Under our partnership agreement, our general partner is permitted to make elections under these rules to either pay the taxes (including any applicable penalties and interest) directly to the IRS or, if we are eligible, issue a revised information statement to each affected current and former unitholder with respect to an audited and adjusted return. Although our general partner may elect to have our affected current and former unitholders take such audit adjustment into account and pay any resulting taxes (including any applicable penalties and interest) in accordance with their interests in us during the tax year under audit, there can be no assurance that such election will be practical, permissible or effective in all circumstances. As a result, our current unitholders may bear some or all of the tax liability resulting from such audit adjustment, even if such unitholders did not own units in us during the tax year under audit. If, as a result of any such audit adjustment, we are required to make payments of taxes, penalties or interest, our cash available for distribution to our unitholders might be substantially reduced, and our current and former unitholders may be required to indemnify us for any taxes (including any applicable penalties and interest) resulting from such audit adjustments that were paid on their behalf. These rules are not applicable for tax years beginning on or prior to December 31, 2017. ~~- 47-~~ Even if unitholders do not receive any cash distributions from us, they will be required to pay taxes on their share of our taxable income. Unitholders will be required to pay U. S. federal income taxes and, in some cases, state and local income taxes, on their share of our taxable income, whether or not they receive cash distributions from us. For example, if we sell assets and use the proceeds to repay existing debt or fund capital expenditures, unitholders may be allocated taxable income and gain resulting from the sale and our cash available for distribution would not increase. ~~Similarly, taking advantage of opportunities to reduce our existing debt, such as debt exchanges, debt repurchases, or modifications of our existing debt, could result in " cancellation of indebtedness income " being allocated to unitholders as taxable income without any increase in our cash available for distribution.~~ Unitholders may not receive cash distributions from us equal to their share of our taxable income or even equal to the actual tax due from the unitholder with respect to that income. **- 47-** Tax gain or loss on the disposition of our common units could be more or less than expected. If a unitholder disposes of common units, it will recognize gain or loss equal to the difference between the amount realized and its tax basis in those common units. Because distributions in excess of a unitholder' s allocable share of our net taxable income result in a decrease of the unitholder' s tax basis in its common units, the amount, if any, of such prior excess distributions with respect to the units sold will, in effect, become taxable income to the unitholder if it sells such units at a price greater than its tax basis in those units, even if the price the unitholder receives is less than its original cost. In addition, because the amount realized includes a unitholder' s share of our nonrecourse liabilities, if unitholders sell their units, they may incur a tax liability in excess of the amount of cash they receive from the sale. A substantial portion of the amount realized from the sale of a unitholder' s common units, whether or not representing gain, may be taxed as ordinary income to the unitholder due to potential recapture items, including depreciation recapture. Thus, the unitholder may recognize both ordinary income and capital loss from the sale of such units if the amount realized on a sale of such units is less than the unitholder' s adjusted basis in the units. Net capital loss may only offset capital gains and, in the case of individuals, up to $ 3, 000 of ordinary income per year. In the taxable period in which the unitholder sells its units, the unitholder may recognize ordinary income from our allocations of income and gain to the unitholder prior to the sale and from recapture items that generally cannot be offset by any capital loss recognized upon the sale of units. We are generally entitled to a deduction for interest paid or accrued on indebtedness properly allocable to our trade or business during our taxable year. However, ~~under the Tax Cuts and Jobs Act, for taxable years beginning after December 31, 2017,~~ our deduction for " business interest " is limited to the sum of our business interest income and 30 % of our " adjusted taxable income. " For the purposes of this limitation, our adjusted taxable income is computed without regard to any business interest expense or business interest income ~~, and in the case of taxable years beginning before January 1, 2022, any deduction allowable for depreciation, amortization, or depletion to the extent such depreciation, amortization, or depletion is not capitalized into cost of goods sold with respect to inventory~~ . If our business interest is subject to limitation under these rules, it could result in an increase in the taxable income allocable to a unitholder for such taxable year without any corresponding increase in the cash available for

distribution to such unitholder. Tax- exempt entities face unique tax issues from owning our common units that may result in adverse tax consequences to them. Investment in our common units by tax- exempt entities, such as employee benefit plans and individual retirement accounts (known as IRAs) raises issues unique to them. For example, virtually all of our income allocated to organizations that are exempt from U. S. federal income tax, including IRAs and other retirement plans, will be unrelated business taxable income and will be taxable to them. Tax- exempt entities should consult a tax advisor before investing in our common units. Non- U. S. unitholders will be subject to U. S. taxes and withholding with respect to their income and gain from owning our units. Non- U. S. unitholders are generally taxed and subject to U. S. income tax filing requirements on income effectively connected with a U. S. trade or business (" effectively connected income "). Income allocated to our unitholders and any gain from the sale of our units will generally be considered to be effectively connected with a U. S. trade or business. As a result, distributions to a non- U. S. unitholder will be subject to withholding at the highest applicable effective tax rate, and a non- U. S. unitholder who sells or otherwise disposes of a unit will also be subject to U. S. federal income tax on the gain realized from the sale or disposition of that unit. **In addition to the withholding tax imposed on distributions of effectively connected income, distributions to a non** - ~~48~~ **U. S. unitholder will also be subject to a 10 % withholding tax on the amount of any distribution in excess of our cumulative net income. As we do not compute our cumulative net income for such purposes due to the complexity of the calculation and lack of clarity in how it would apply to us, we intend to treat all of our distributions as being in excess of our cumulative net income for such purposes and subject to such 10 % withholding tax. Accordingly, distributions to a non** - **U. S. unitholder will be subject to a combined withholding tax rate equal to the sum of the highest applicable effective tax rate and 10 %.** Moreover, the transferee of an interest in a partnership that is engaged in a U. S. trade or business is generally required to withhold 10 % of the " amount realized " by the transferor unless the transferor certifies that it is not a foreign person. While the determination of a partner' s amount realized generally includes any decrease of a partner' s share of the partnership' s liabilities, the Treasury Regulations provide that the amount realized on a transfer of an interest in a publicly traded partnership, such as our common units, will generally be the amount of gross proceeds paid to the broker effecting the applicable transfer on behalf of the transferor, and thus will be determined without regard to any decrease in that partner' s share of a publicly traded partnership' s liabilities. ~~The Treasury Regulations further provide that withholding on a transfer of an interest in a publicly traded partnership will not be imposed on a transfer that occurs prior to January 1, 2022, and administrative guidance from the IRS further provides that such withholding obligation has been deferred until January 1, 2023.~~ For a transfer of interests in a publicly traded partnership that is effected through a broker on or after January 1, 2023, the obligation to withhold is imposed on the transferor' s broker. **Current and** ~~Prospective~~ **prospective** foreign unitholders should consult their tax advisors regarding the impact of these rules on an investment in our common units. **- 48-** We treat each purchaser of common units as having the same tax benefits without regard to the actual common units purchased. The IRS may challenge this treatment, which could adversely affect the value of the common units. Because we cannot match transferors and transferees of common units, we have adopted depreciation and amortization positions that may not conform to all aspects of existing Treasury Regulations. A successful IRS challenge to those positions could adversely affect the amount of tax benefits available to our unitholders. It also could affect the timing of these tax benefits or the amount of gain from unitholders' sale of common units and could have a negative impact on the value of our common units or result in audit adjustments. We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month, instead of on the basis of the date a particular unit is transferred. The IRS may challenge this treatment, which could change the allocation of items of income, gain, loss and deduction among our unitholders. We generally prorate our items of income, gain, loss and deduction between transferors and transferees of our units each month based upon the ownership of our units on the first day of each month (the " Allocation Date ") instead of on the date a particular unit is transferred. Similarly, we generally allocate certain deductions for depreciation of capital additions, gain or loss realized on a sale or other disposition of our assets and, in the discretion of the general partner, any other extraordinary item of income, gain, loss or deduction based upon ownership on the Allocation Date. Treasury Regulations allow a similar monthly simplifying convention, but such regulations do not specifically authorize all aspects of our proration method. If the IRS were to challenge our proration method, we may be required to change the allocation of items of income, gain, loss and deduction among our unitholders. A unitholder whose units are the subject of a securities loan (e. g., a loan to a " short seller " to cover a short sale of units) may be considered as having disposed of those units. If so, it would no longer be treated for tax purposes as a partner with respect to those units during the period of the loan and may recognize gain or loss from the disposition. Because there are no specific rules governing the U. S. federal income tax consequences of loaning a partnership interest, a unitholder whose units are the subject of a securities loan may be considered as having disposed of the loaned units. In that case, such unitholder may no longer be treated for tax purposes as a partner with respect to those units during the period of the loan to the short seller and the unitholder may recognize gain or loss from such disposition. Moreover, during the period of the loan, any of our income, gain, loss or deduction with respect to those units may not be reportable by the unitholder and any cash distributions received by the unitholder as to those units could be fully taxable as ordinary income. Unitholders desiring to assure their status as partners and avoid the risk of gain recognition from a securities loan are urged to modify any applicable brokerage account agreements to prohibit their brokers from borrowing their units. ~~We have adopted certain valuation methodologies in determining a unitholder' s allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, which could adversely affect the value of our common units. In determining the items of income, gain, loss and deduction allocable to our unitholders, we must routinely determine the fair market value of our assets. Although we may, from time to time, consult with professional appraisers regarding valuation matters, we make many fair market value estimates using a methodology based on the market value of our common units as a means to measure the fair market value of our assets. The IRS may challenge these valuation methods and the resulting allocations of income, gain, loss and deduction. A successful IRS challenge to these methods or allocations could adversely~~

~~affect the amount of taxable income or loss being allocated to our unitholders. It also could affect the amount of gain recognized from our unitholders' sale of common units and- 49- could have a negative impact on the value of the common units or result in audit adjustments to our unitholders' tax returns without the benefit of additional deductions.~~ Unitholders likely will be subject to state and local taxes and return filing requirements **in jurisdictions where they do not live** as a result of investing in our common units. In addition to U. S. federal income tax, unitholders likely will be subject to other taxes, such as state and local income taxes, unincorporated business taxes and estate, inheritance, or intangible taxes that are imposed by the various jurisdictions in which we do business or own property now or in the future. Unitholders likely will be required to file state and local income tax returns and pay state and local income taxes in some or all of these various jurisdictions, even if they do not live in these jurisdictions. Further, unitholders may be subject to penalties for failure to comply with those requirements. We currently own property and conduct business in **multiple states** ~~Texas, New Mexico, Utah, Idaho, Oklahoma, Washington, Kansas, Wyoming and Nevada~~ . ~~We~~ **Many of these states currently impose a personal income tax on individuals. As we make acquisitions or expand our business, we** may ~~also~~ own ~~property~~ **assets** or conduct business in ~~other~~ **additional** states **that impose a personal income tax** ~~or foreign countries in the future, including following the closing of the HEP Transaction~~ . ~~It is the unitholder~~ **Unitholders should consult with their own tax advisors regarding the filing of such** ~~' s responsibility to file all federal, state, local and foreign~~ tax returns **, the payment of such taxes, and the deductibility of any taxes paid** .