Risk Factors Comparison 2024-02-29 to 2023-02-27 Form: 10-K

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Our businesses involve a high degree of risk. You should consider and read carefully the risks and uncertainties described below together with all of the other information contained in this Annual Report on Form 10- K. If any of the following risks, or any risk described elsewhere in this Annual Report on Form 10- K, actually occur, our business, prospects, financial condition, results of operations, or cash flows could be materially adversely affected. In any such case, the trading price of our common stock could decline. The risks described below are not the only ones facing our company. Additional risks not currently known to us or that we currently deem immaterial may also adversely affect us. OPERATING RISKS Our operations are subject to operational hazards that could expose us to potentially significant losses. Our operations are subject to potential operational hazards and risks inherent in refining operations, in transporting and storing crude oil and refined products, and in producing natural gas and oil. Any of these risks, such as fires, explosions, maritime disasters, security breaches, cyber threats, pipeline ruptures and spills, mechanical failure of equipment, and severe weather and natural disasters at our or third- party facilities could result in business interruptions or shutdowns and damage to our properties and the properties of others. The scientific consensus suggests that some of these physical risks to our facilities and third party facilities, especially risks associated with extreme weather, may increase as a result of climate change. A serious accident at our facilities could also result in serious injury or death to our employees or contractors and could expose us to significant liability for personal injury claims and reputational risk. Any such event or unplanned shutdown could have a material adverse effect on our business, financial condition, and results of operations. The volatility of crude oil prices and refined product prices and changes in the demand for such products may have a material adverse effect on our cash flow and results of operations. Earnings and cash flows from our refining segment depend on a number of factors, including to a large extent the cost of crude oil and other refinery feedstocks which has fluctuated significantly in recent years. While prices for refined products are influenced by the price of crude oil, the constantly changing margin between the price we pay for crude oil and other refinery feedstocks and the prices we receive for refined products, the crack spread, also fluctuates significantly. The prices we pay and prices we receive depend on numerous factors beyond our control, including the global supply and demand for crude oil, gasoline, and other refined products, which are subject to, among other things: • changes in the global economy and the level of foreign and domestic production of crude oil and refined products; • availability of crude oil and refined products and the infrastructure to transport crude oil and refined products; • local factors, including market conditions, the level of operations of other refineries in our markets, and the volume and price of refined products imported; • threatened or actual terrorist incidents (including cyber ~~-~~attacks), acts of war, and other global political conditions; • changes in the availability or cost of maritime shipping; • pandemics, public health crises, or other widespread emergencies such as COVID- 19; • government regulations or mandated production curtailments or limitations; and • weather conditions, hurricanes, or other natural disasters. **These** ~~For example, the COVID- 19 pandemic resulted in significant demand reduction for crude oil and refined products, particularly in the Hawaii market, and abnormal volatility in oil commodity prices. Additionally, the Alberta government has mandated crude oil production cuts in a region where our Washington refinery sources crude oil. Such an action, or any similar~~ actions ~~,~~ could result in an increase in the price we pay for crude oil, which may result in a decrease in the expected earnings and cash flows generated by our refining business. In addition, we purchase our refinery feedstocks before manufacturing and selling the refined products. Price level changes during the periods between purchasing and selling these refined products could also have a material adverse effect on our business, financial condition, and results of operations. ~~Our business, financial condition, results of operations, and liquidity have been adversely affected by the ongoing COVID- 19 pandemic that has caused, and is expected to continue to cause, the global slowdown of economic activity (including the decrease in demand for crude oil and the refined products that we produce and sell), disruptions in global supply chains, and significant volatility and disruption of financial markets and that also has adversely affected workforces, customers, and regional and local economies. Because the severity, magnitude, and duration of the COVID- 19 pandemic and its economic consequences are uncertain, rapidly changing, and difficult to predict, the impact on our business, results of operations, financial condition, and liquidity remains uncertain and difficult to predict. The ultimate impact of the COVID- 19 pandemic on our results of operations and financial condition continues to be uncertain and depends on numerous factors that continue to evolve, many of which are not within our control, and which we may not be able to effectively respond to, including, but not limited to: governmental, business, and individuals' actions that have been and continue to be taken in response to the pandemic (including restrictions on travel and transport, workforce pressures and social distancing, and stay- at- home orders); the effect of the pandemic on economic activity and actions taken in response; the effect on our customers and their demand for our products; the effect of the pandemic on the creditworthiness of our customers; national or global supply chain challenges or disruption; workforce availability; facility closures; commodity cost volatility; general economic uncertainty in key global markets and financial market volatility and ability to access capital markets; global economic conditions and levels of economic growth; and the pace of recovery when the COVID- 19 pandemic subsides, as well as response to a potential reoccurrence. Further, the COVID- 19 pandemic, and the volatile regional and global economic conditions stemming from the pandemic, could also precipitate or aggravate the other risk factors that we identify in this Annual Report on Form 10- K, which could materially adversely affect our business, financial condition, results of operations (including revenues and profitability), and liquidity and / or stock price. Additionally, COVID- 19 may also continue to affect our operating and financial results in a manner that is not presently known to us or that we currently do not consider to present significant risks to our operations.~~ Instability in the global economic and political environment can lead to volatility in the cost and availability of crude oil and prices for refined products, which could adversely impact our results of operations. Instability in the global economic and political environment can lead to volatility in the cost and availability of crude oil and in the price and demand for refined products. This may place downward pressure on our results of operations. This is particularly true of developments in and relating to oil- producing countries, including terrorist activities, military conflicts, embargoes, internal instability, or actions or reactions of the U. S. or foreign governments in anticipation of, or in response to, such developments. Any such events may limit or disrupt markets, which could negatively impact our ability to access global crude oil commodity flows or sell our refined products. Geopolitical conflicts, including the conflict between Russia and Ukraine, could increase the cost of our crude oil feedstocks and affect the demand for our products. In February 2022, following Russia' s invasion of Ukraine, the U. S. and other countries announced sanctions against Russia, including restrictions on the importation of Russian crude oil. On March 3, 2022, we suspended purchases of Russian crude oil for our Hawaii refinery in response to the Russia- Ukraine conflict. The U. S. and other countries ~~may~~ **have** ~~impose~~ **imposed** ~~wider~~ **additional** sanctions **as** ~~and take stronger actions should~~ the conflict ~~further~~ **has** ~~escalate~~ **escalated** . **Any** ~~While it is difficult to predict the impact these sanctions will ultimately have on Par Pacific, any~~ further sanctions imposed or actions taken by the U. S. or other countries, and any retaliatory measures by Russia in response, such as restrictions on energy supplies from Russia, may increase our costs, reduce our sales and earnings, or otherwise have an adverse effect on our operations. Additionally, **conflicts like** Russia' s invasion of Ukraine and **recent attacks on shipping in** the **Red Sea** ~~international response to the conflict~~ may exacerbate inflationary pressures, including with respect to commodity prices and energy costs **, and disrupt global supply chains** . Rapid and significant changes in commodity costs may increase the cost of our crude oil feedstocks and affect the demand for our products. Many of our refined products could cause serious injury or death if mishandled or misused by us or our purchasers, or if defects occur during manufacturing. While we produce, store, transport, and deliver all of our refined products in a safe manner, many of our refined products are highly flammable or explosive and could cause significant damage to persons or property if mishandled. Defects in our products (such as gasoline or jet fuel) or misuse by us or by end purchasers could lead to fatalities or serious damage to property. We may be held liable for such occurrences, which could have a material adverse effect on our business and results of operations. Our business is impacted by increased risks of spills, discharges, or other releases of petroleum or hazardous substances in our refining and logistics operations. The operation of refineries, pipelines, and refined products terminals is subject to increased risks of spills, discharges, or other inadvertent releases of petroleum or hazardous substances, and we operate in and around environmentally sensitive coastal waters that are closely regulated and monitored. These events could occur in connection with the operation of our refineries, pipelines, or refined products terminals. If any of these events occur, or is found to have previously occurred, we could be liable for costs and penalties associated with their remediation under federal, state, and local environmental laws or common law, and could be liable for property damage to third parties caused by contamination from releases and spills. The penalties and clean- up costs that we may have to pay for releases or the amounts that we may have to pay to third parties for damages to their property could be significant and have a material adverse effect on our business, financial condition, or results of operations. Our operations, including the operation of underground storage tanks, are also subject to the risk of environmental litigation and investigations which could affect our results of operations. From time to time, we may be subject to litigation or investigations with respect to environmental and related matters, the costs of which could be material. We operate fueling stations with underground storage tanks used primarily for storing and dispensing refined fuels. In addition, some fueling stations where we sell fuel are owned or operated by third parties who are not under our control. Federal and state regulations and legislation govern the storage tanks and compliance with these requirements can be costly. The operation of underground storage tanks poses certain risks, including leaks. Leaks from underground storage tanks, which may occur at one or more of our fueling stations, may impact soil or groundwater and could result in fines or civil liability for us. Our insurance coverage may be inadequate to protect us from the liabilities that could arise in our business. We carry property, casualty, business interruption, and other lines of insurance, but we do not maintain insurance coverage against all potential losses. Marine vessel charter agreements do not include indemnity provisions for oil spills, so we also carry marine charterer' s liability insurance. We could suffer losses for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. Claims covered by insurance are subject to deductibles, the aggregate amount of which could be material. Insurance policies are also subject to compliance with certain conditions, the failure of which could lead to a denial of coverage as to a particular claim or the voiding of a particular insurance policy. There also can be no assurance that existing insurance coverage can be renewed at commercially reasonable rates or that available coverage will be adequate to cover future claims. The occurrence of an event that is not fully covered by insurance or failure by one or more insurers to honor its coverage commitments for an insured event could have a material adverse effect on our business, financial condition, and results of operations. We are subject to interruptions of supply and increased costs as a result of our reliance on third- party transportation of crude oil and refined products to and from our refineries. Our refineries receive and transport crude oil and refined products via tankers, barges, pipelines, and railcars. In addition to environmental risks, we could experience an interruption of supply or an increased cost to deliver refined products to market if such transportation is disrupted because of adverse weather, accidents, governmental regulation or sanctions, or third- party action. A prolonged disruption could have a material adverse effect on our business, financial condition, and results of operations. The financial and operating results of our refineries, including the products they refine and sell, can be seasonal. Demand for gasoline in the Rockies and Northwest United States is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic. The **Montana,** Wyoming **,** and Washington refineries' financial and operating results for the first and fourth calendar quarters may be lower than those for the second and third calendar quarters of each year as a result of this seasonality. Conversely, the demand for the products the Hawaii refinery refines and sells, and the financial and operating results for the Hawaii refinery, are often strongest in the first and fourth calendar quarters. We rely upon certain critical information systems for the operation of our business and the failure of any critical information system, including a ~~cyber security~~ **cybersecurity** breach, may result in harm to our business. We are heavily dependent on our technology infrastructure and maintain and rely upon certain critical information systems for the effective operation of our business. These information systems include data network and telecommunications, internet access and our websites, and various computer hardware equipment and software applications, including those that are critical to the safe operation of our refineries and our pipelines and terminals. Our retail business collects certain customer data, including credit card numbers, for business purposes. The integrity and protection of our customer, employee, and company data is critical to our business. Our information systems are subject to damage or interruption from a number of potential sources including natural disasters, ransomware, software viruses or other malware, power failures, cyber attacks, and other events. To the extent that these information systems are under our control, we have implemented **cybersecurity policies designed** ~~measures, such as virus protection software and intrusion detection systems,~~ to address ~~the~~ **these** ~~outlined~~ risks. However, security measures for information systems cannot be guaranteed to be failsafe. Our systems and procedures for protecting against such attacks and mitigating such risks may prove to be insufficient in the future and such attacks could have an adverse impact on our business and operations, including damage to our reputation and competitiveness, remediation costs, litigation, or regulatory. Any compromise of our data security or our inability to use or access these information systems at critical points in time could unfavorably impact the timely and efficient operation of our business and subject us to additional costs and liabilities, which could adversely affect our business, financial condition, and results of operations. In addition, as technologies evolve, and cyber ~~-~~attacks become more sophisticated, we may incur significant costs to upgrade or enhance our security measures to protect against such attacks and we may face difficulties in fully anticipating or implementing adequate preventive measures or mitigating potential harm. Finally, federal legislation relating to ~~cyber security~~ **cybersecurity** threats could impose additional requirements on our operations **. Climate change may increase the frequency and severity of weather events that could result in severe personal injury, property damage, and environmental damage, which could curtail our operations and otherwise materially adversely affect our cash flows. Some scientists have concluded that increasing concentrations of GHG in Earth' s atmosphere may produce climate changes that have significant weather- related effects, such as increased frequency and severity of storms, droughts, floods, and other climatic events. If any of those effects were to occur, they could have an adverse effect on our operations, including damages to our refineries, retail locations, logistics assets or other properties from powerful wind or rising waters. We may experience increased insurance costs, or difficulty obtaining adequate insurance coverage, for our assets in areas subject to more frequent severe weather. We may not be able to recoup these increased costs through the cash generated by our business. Extreme weather events could cause damage to property or facilities that could exceed our insurance coverage and our business, financial condition, and results of operations could be adversely affected. Additionally, if we are named in litigation related to climate change, costs or other impacts resulting from such litigation could be material** . Through our investment in Laramie Energy, we are subject to all of the risks of natural gas and oil exploration and production, but we lack the ability to control Laramie Energy' s operations and our ability to extract value is limited. Through our investment in Laramie Energy, we are exposed to all of the risks inherent in natural gas and oil exploration and production, including the risks that: exploration and development drilling may not result in commercially productive reserves; the operator may act in ways contrary to our best interest; the marketability of our natural gas products depends mostly on the availability, proximity, and capacity of natural gas gathering systems, pipelines, and processing facilities, which are owned by third parties, as well as adequate water supplies; we have no long- term contracts to sell natural gas or oil; compliance with environmental and other governmental regulatory or legislative requirements could result in increased costs of operation or curtailment, delay, or cancellation of development and producing operations; and a decline in demand for natural gas and oil could adversely affect our financial condition and results of operations. ~~Additionally, the ability of Laramie Energy to make distributions to its owners, including us, is currently prohibited by the terms of Laramie Energy' s credit facility and the terms of its limited liability company agreement.~~ REGULATORY RISK Meeting the requirements of evolving environmental, health, and safety laws and regulations, including those related to climate change and marine protection, could adversely affect our performance. Consistent with the experience of other U. S. refineries, environmental laws and regulations have raised operating costs and may require significant capital investments at our refineries. We may be required to address conditions that may be discovered in the future and require a response. Potentially material expenditures could be required in the future as a result of evolving environmental, health, and safety and energy laws, regulations, or requirements that may be adopted or imposed in the future. Future developments in federal and state laws and regulations governing environmental, health and safety, and energy matters are especially difficult to predict. Currently, multiple legislative and regulatory measures to address GHG emissions (including CO2, methane, and NOX) are in various phases of consideration, promulgation, or implementation. These include actions to develop national, statewide, or regional programs, each of which could require reductions in our GHG emissions. Requiring reductions in our GHG emissions could result in increased costs to (i) operate and maintain our facilities, (ii) install new emission controls at our facilities, and / or (iii) administer and manage any GHG emissions programs, including acquiring emission credits or allotments. Requiring reductions in our GHG emissions and increased use of renewable fuels which can be supplied by producers and marketers in other industries that supply alternative forms of energy and fuels to satisfy the requirements of our industrial, commercial, and individual customers could also decrease the demand for our refined products, and could have a material adverse impact on our business, financial condition, and results of operations. Additionally, legislation designed to protect animal and plant species, such as the Magnuson amendment to the Marine Mammal Protection Act, may limit or restrict our ability to construct or expand new oil terminals and oil- by- rail infrastructure in the state of Washington, which could have a material impact on our business, financial condition, and results of operations **. Finally, federal and state regulations requiring additional GHG- related disclosures could significantly increase our regulatory compliance costs** . Renewable fuels mandates and other mandates may reduce demand for the petroleum fuels we produce, which could have a material adverse effect on our business results of operations and financial condition. The RFS program sets annual quotas for the quantity of renewable fuels that must be blended into transportation fuels consumed in the U. S. A RIN is assigned to each gallon of renewable fuel produced in or imported into the U. S. As a producer of petroleum- based transportation fuels, we are obligated to blend renewable fuels into the petroleum fuels we produce and sell in the U. S. To the extent we do not, we are required to purchase RINs in the market to satisfy our obligations under the RFS program ~~. During 2022, we incurred $ 169. 4 million of RINs expense for our Hawaii, Wyoming, and Washington refineries~~ . In addition, as a result of the annual volume mandates, we may experience a decrease in demand for refined products due to refined products being replaced by renewable fuels. We are exposed to the volatility in the market price of RINs and are unable to predict the future prices of RINs. RINs prices are dependent upon a variety of factors, including EPA regulations, the availability of RINs for purchase, and levels of transportation fuels produced, which can vary significantly from quarter to quarter. If sufficient RINs are unavailable for purchase, if we have to pay a significantly higher price for RINs, or if we are otherwise unable to meet the EPA' s RFS mandates, our results of operations and cash flows could be adversely affected. The current administration has also been critical of exemptions from the RFS mandates granted to small refineries during the previous administration. While litigation over the issue is currently before various courts, the EPA under the current administration may be less willing to grant such waivers going forward and may increase the RVO in future years. To the extent fewer waivers are granted in the future or the RVO is increased, the demand for and the price of RINs would likely also increase, and our results of operations and cash flows could be adversely affected. In addition, the EPA is considering changes to the existing RFS program regulations and other regulatory initiatives under the RFS program that could impact future standards. Although uncertain, any of these events may cause the price of RINs to rise and result in additional costs in connection with RFS compliance. Such increased costs could be material and may have a material adverse impact on our business, financial condition, and results of operations. All RIN transactions are recorded in the EPA Moderated Transaction System (" EMTS "). Under this system, purchasers of RINs are required to self- certify their validity without verification by the EPA, and are responsible for any invalid RINs submitted to the EPA for compliance. We believe that the RINs we purchase are from reputable sources, are valid, and serve to demonstrate compliance with applicable RFS requirements. However, if this belief proves incorrect and the RINs that we purchase are not valid or in compliance with applicable RFS requirements, our financial condition and cash flows may be adversely affected. Several states, including Washington and Hawaii, have pursued or are considering initiatives designed to reduce the carbon intensity of the transportation sector by encouraging increased use of renewable fuels or electric vehicles or by requiring reductions in transportation fuel- related GHG emissions in the state. Since 2006, the State of Washington has required that denatured ethanol make up at least 2 % of total gasoline sold in the state and that biodiesel comprise at least 2 % of total diesel sold in the state, and the Washington Department of Ecology is authorized to increase these requirements if certain conditions are met. In 2020 and 2021 the State of Washington adopted several statutes that are relevant to our ~~Tacoma,~~ **operations in the state of** Washington ~~location~~ including a law approving new regulatory requirements regarding zero emission vehicles and a low- carbon fuel standard designed to reduce the carbon intensity of transportation fuels by twenty percent by 2038. Legislation signed in March of 2020 directed the Washington Department of Ecology to adopt California' s vehicle emission standards including requirements to increase zero emission vehicles sold in the state. Washington Department of Ecology adopted by reference California' s zero emission vehicle standard starting with model year 2025 in a rule issued on November 29, 2021. In 2014, the State of Hawaii signed a memorandum of understanding with the U. S. Department of Energy to collaborate to produce 70 % of the state' s energy needs from energy- efficient and renewable sources by 2030 and 100 % of the state' s energy needs from energy- efficient and renewable sources by 2045. In addition, Hawaii' s alternative fuels standard requires the State to facilitate the development of alternate fuels so such fuels provide 20 % of highway fuel demand by 2020 and 30 % by 2030. Finally, California and a small number of other states have announced a ban on new internal combustion engine- powered cars by 2035. These state actions could reduce demand for our refined petroleum products, which could have a material adverse effect on our business, results of operations, and financial condition. Potential legislative and regulatory actions addressing climate change could increase our costs, reduce our revenue and cash flow from natural gas and oil sales, or otherwise alter the way we conduct our business. Currently, multiple legislative and regulatory measures to address GHG, including CO2, methane, and NOX, and other emissions are in various phases of consideration, promulgation, or implementation at various levels of the federal and state government. These include actions to develop international, federal, regional, or statewide programs, which could require reductions in our GHG or other emissions, establish a carbon tax and decrease the demand for our refined products. Requiring reductions in these emissions could result in increased costs to (i) operate and maintain our facilities, (ii) install new emission controls at our facilities, and (iii) administer and manage any emissions programs, including acquiring emission credits or allotments. For example, in 2015, the U. S., Canada, and the U. K. participated in the United Nations Conference on Climate Change, which led to the creation of the Paris Agreement. The Paris Agreement, which was signed by the U. S. in April 2016, requires countries to review and " represent a progression " in their intended nationally determined contributions (which set GHG emission reduction goals) every five years beginning in 2020. In November 2020, the United States' previously- announced withdrawal from the Paris Agreement became effective. On January 20, 2021, President Biden announced that the United States would be reentering the Paris Agreement. This reentry became effective on February 19, 2021. Restrictions on emissions of methane or carbon dioxide that have been or may be imposed in various U. S. states, at the U. S. federal level, or in other countries could adversely affect the oil and gas industry. The EPA has issued a notice of finding and determination that emissions of CO2, methane, and other GHGs present an endangerment to human health and the environment. In response, the EPA has adopted regulations under existing provisions of the federal Clean Air Act that, among other things, establish Prevention of Significant Deterioration (" PSD ") construction and Title V operating permit program requiring reviews for GHG emissions from certain large stationary sources. Facilities required to obtain PSD permits for their GHG emissions will also be required to meet " best available control technology " standards, which will be established by the states or, in some instances, by the EPA on a case- by- case basis. In addition, the EPA has adopted rules requiring the monitoring and reporting of GHG emissions from specified large GHG emission sources in the U.

S., including petroleum refineries and certain onshore petroleum and natural gas production activities, on an annual basis. We monitor for GHG emissions at our refineries and believe we are in substantial compliance with the applicable GHG reporting requirements. Certain of the third- party drilling and production entities in which we hold a working interest also may be subject to reporting of GHG emissions in the U. S. These EPA policies and rulemakings could adversely affect our operations and restrict or delay our ability to obtain air permits for new or modified facilities. In addition, from time to time, the U. S. Congress has considered and may in the future consider and adopt " cap and trade " legislation that would establish an economy- wide cap on GHG emissions in the U. S. and would require most sources of GHG emissions to obtain emission " allowances " corresponding to their annual GHG emissions. For those GHG sources that are unable to meet the required limitations, such legislation could impose substantial financial burdens. Any laws or regulations that may be adopted to restrict or reduce GHG emissions would likely require us to incur increased operating costs and could have an adverse effect on demand for our production. The adoption of any legislation or regulations that limits emissions of GHG from our or such drilling and production entities' facilities, equipment, and operations could require us or such entities to incur costs to reduce emissions of GHG associated with our or such entities' operations or could adversely affect demand for the refined petroleum products that we produce or the crude oil or natural gas that such drilling and production entities in which we hold a working interest produce. At the state level, Washington and other states have passed low carbon fuel standard legislation and other initiatives, including a cap and invest program, to reduce emissions from the transportation sector. We could also face increased climate- related litigation with respect to our operations or products. If we are unable to pass the costs of compliance on to our customers, sufficient credits are unavailable for purchase, we have to pay a significantly higher price for credits, or we are otherwise unable to meet our compliance obligation, our financial condition and results of operations could be adversely affected. Federal, regional, and state climate change and air emissions goals and regulatory programs **under the Clean Air Act** are complex, subject to change, and create uncertainty due to a number of factors including technological feasibility, legal challenges, and potential changes in federal policy. Nevertheless, stricter regulation can be expected in the future and any of these or similar changes **, or regulatory enforcement in connection with such requirements,** may have a material adverse impact on our business, results of operations, and financial condition **. For more information, please read Note 18 — Commitments and Contingencies to our consolidated financial statements under Item 8 of this Form 10- K** . Regulatory and other requirements concerning the transportation of crude oil and other commodities by rail may cause increases in transportation costs or limit the amount of crude oil that we can transport by rail. We rely on a variety of systems to transport crude oil, including rail. Rail transportation is regulated by federal, state, and local authorities. New regulations or changes in existing regulations could result in increased compliance expenditures. For example, in 2019 Washington enacted a law that limits crude oil by rail deliveries through a cap on off- loadings from existing facilities and new specifications regarding the vapor pressure of crude oils permitted to be shipped through the state. These or other regulations that require the reduction of volatile or flammable constituents in crude oil that is transported by rail, change the design or standards for rail cars used to transport the crude oil we purchase, change the routing or scheduling of trains carrying crude oil, or require any other changes that detrimentally affect the economics of delivering North American crude oil by rail, could increase the time required to move crude oil from production areas to our refineries, increase the cost of rail transportation, and decrease the efficiency of shipments of crude oil by rail within our operations. Any of these outcomes could have a material adverse effect on our business, results of operations, and financial condition. **We** ~~In connection with the WRC Acquisition, we~~ will be required to undertake significant **environmental** remediation and other corrective actions **in connection** with ~~respect to~~ certain ~~environmental matters~~ **prior acquisitions** . ~~In~~ **For example, in** connection with the July 14, 2016 purchase of Hermes Consolidated, LLC (d / b / a Wyoming Refining Company) and, indirectly, Wyoming Refining Company' s wholly owned subsidiary, Wyoming Pipeline Company, LLC (collectively, " Wyoming Refining " or " WRC ") (the " WRC Acquisition "), there are several environmental conditions that will require us to undertake significant remediation efforts and other corrective actions. The Wyoming refinery is subject to a number of consent decrees, orders, and settlement agreements involving the EPA and / or the Wyoming Department of Environmental Quality, some of which date back to the late 1970s and several of which remain in effect, requiring further actions at the Wyoming refinery. As is typical of older, small refineries like the Wyoming refinery, the largest cost component arising from these various decrees relates to the investigation, monitoring, and remediation of soil, groundwater, surface water, and sediment contamination associated with the facility' s historic operations. Investigative work by Wyoming Refining and negotiations with the relevant agencies as to remedial approaches remain ongoing on a number of aspects of the contamination, meaning that investigation, monitoring, and remediation costs are not reasonably estimable for some elements of these efforts. As of December 31, ~~2022~~ **2023** , we have accrued $ 14. ~~8~~ **0** million for the well- understood components of these efforts based on current information, approximately one- third of which we expect to incur in the next five years and the remainder to be incurred over approximately 30 years. Additionally, we believe the Wyoming refinery will need to modify or close a series of wastewater impoundments in the next several years and to replace those impoundments with a new wastewater treatment system. Based on current information, reasonable estimates we have received suggest costs of approximately $ 11. 6 million to design and construct a new wastewater treatment system. **We also assumed certain environmental liabilities** ~~Finally, among the various historic consent decrees, orders, and settlement agreements into which the Wyoming refinery has entered, there are several penalty orders~~ associated with ~~exceedances of permitted limits by~~ the ~~Wyoming refinery' s wastewater discharges~~ **Billings Acquisition, including costs related to hazardous waste corrective measures, and ground and surface water sampling and monitoring** . ~~The frequency~~ **Based on current information, reasonable estimates we have received suggest the aggregate amount** of these **liabilities** ~~exceedances appears~~ to be ~~declining~~ **approximately $ 18. 9 million. We expect to incur these costs** over **a 20** ~~time, but we may become subject~~ to **30 year period** ~~new penalty enforcement action in the future~~ . We may incur significant costs and liabilities resulting from performance of pipeline integrity programs and related repairs. Pipeline and Hazardous Materials Safety Administration (" PHMSA ") has established a series of rules requiring pipeline operators to develop and implement integrity management programs for hazardous liquid pipelines that, in the event of a pipeline leak or rupture, could affect high consequence areas (" HCAs "), which are areas where a release could have the most significant adverse consequences, including high- population areas, certain drinking water sources, and unusually sensitive ecological areas. These regulations require operators of covered pipelines to: • perform ongoing assessments of pipeline integrity; • identify and characterize applicable threats to pipeline segments that could impact an HCA; • improve data collection, integration, and analysis; • repair and remediate the pipeline as necessary; and • implement preventive and mitigating actions. In addition, certain states have also adopted regulations similar to existing PHMSA regulations for intrastate gathering and transmission lines. These requirements could require us to install new or modified safety controls, pursue additional capital projects, or conduct maintenance programs on an accelerated basis, any or all of which tasks could result in us incurring increased operating costs that could be significant and have a material adverse effect on our financial position or results of operations. Additionally, we are subject to periodic inspection and audit regarding these requirements. Moreover, changes to pipeline safety laws by Congress and regulations by PHMSA that result in more stringent or costly safety standards could result in our incurring increased operating costs that could have a material adverse effect on our financial position or results of operations. **Finally, while we have incurred certain additional costs associated with operating a pipeline regulated by the Federal Energy Regulatory Commission, our costs to date have not been material.** Compliance with and changes in tax laws could materially and adversely affect our financial condition, results of operations and cash flows. We are subject to extensive tax liabilities imposed by multiple jurisdictions including, without limitation, income taxes, indirect taxes (excise / duty, sales / use, gross receipts, GHG emissions), payroll taxes, franchise taxes, withholding taxes, and ad valorem taxes. New tax laws and regulations and changes in existing tax laws and regulations are continuously being enacted or proposed that could result in increased expenditures for tax liabilities in the future. Many of these liabilities are subject to periodic audits by the respective taxing authority. Although we believe we have used reasonable interpretations and assumptions in calculating our tax liabilities, the final determination of these tax audits and any related proceedings cannot be predicted with certainty. Any adverse outcome of such tax audits or related proceedings could result in unforeseen tax- related liabilities that may, individually or in the aggregate, materially affect our cash tax liabilities, results of operations, and financial condition. Additionally, tax rates or tax interpretations in the various jurisdictions in which we operate may change significantly as a result of political or economic factors beyond our control. **For more information, please read Note 18 — Commitments and Contingencies to our consolidated financial statements under Item 8 of this Form 10- K.** BUSINESS RISKS The locations of our refineries and related assets in certain limited geographic areas create an exposure to localized economic risks. Because of the locations of our refineries in Hawaii **, Montana** , Washington, and Wyoming, we primarily market our refined products in relatively limited geographic areas. As a result, we are more susceptible to regional economic conditions than the operations of more geographically diversified competitors and any unforeseen events or circumstances that affect our operating areas could also materially adversely affect our revenues and our business and operating results. These factors include, among other things, changes in the economy, weather conditions, demographics and population, refined product mix demand, increased supply of refined products from competitors, and reductions in the supply of crude oil. We must make substantial capital expenditures at our refineries and related assets to maintain their reliability and efficiency. If we are unable to complete capital projects at their expected costs or in a timely manner, or if the market conditions assumed in our project economics deteriorate, our financial condition, results of operations, or cash flows could be adversely affected. Our refineries and related assets have been in operation for many years. Equipment, even if properly maintained, may require significant capital expenditures and expenses to keep the refineries operating at optimum efficiency. These costs do not result in increases in unit capacities, but rather are focused on trying to maintain safe, reliable operations. Delays or cost increases related to the engineering, procurement, and construction of new facilities, or improvements and repairs to our existing facilities and equipment, could have a material adverse effect on our business, financial condition, or results of operations. Such delays or cost increases may arise as a result of unpredictable factors in the marketplace, many of which are beyond our control, including: • denial or delay in obtaining regulatory approvals and / or permits; • difficulties in executing the capital projects; • unplanned increases in the cost of equipment, materials, or labor; • disruptions in transportation of equipment and materials; • severe adverse weather conditions, natural disasters, or other events (such as equipment malfunctions, explosions, fires, or spills) affecting our facilities, or those of our vendors and suppliers; • shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages; • market- related increases in a project' s debt or equity financing costs; and / or • non- performance or force majeure by, or disputes with, our vendors, suppliers, contractors, or sub- contractors. Any one or more of these occurrences noted above could have a significant impact on our business. If we are unable to make up the delays or to recover the related costs, or if market conditions change, it could materially and adversely affect our financial position, results of operations, or cash flows. The retail market is diverse and highly competitive. Aggressive competition and the development of alternative fuels could adversely impact our business. We face strong competition in the market for the sale of retail gasoline, diesel fuel, and merchandise. Our competitors include outlets owned or operated by fully integrated major oil companies or their dealers and other well- recognized national or regional retail outlets, often selling products at very competitive prices. We compete with a number of integrated national and international oil companies who produce crude oil, some of which is used in their refining operations. Unlike these oil companies, we must purchase all of our crude oil from unaffiliated sources. Because these oil companies benefit from increased commodity prices, have greater access to capital, and have stronger capital structures, they are able to better withstand poor and volatile market conditions, such as a lower refining margin environment, shortages of crude oil and other feedstocks, or extreme price fluctuations. Additionally, non- traditional retailers such as supermarkets, club stores, and mass merchants are also in the retail business, and these non- traditional gasoline retailers have obtained a significant share of the transportation fuels market. These retailers may use integration of operations, greater financial resources, promotional pricing or discounts, or other advantages to withstand volatile market conditions or levels of no or low profitability. The development of alternative and competing fuels in the retail market could also adversely impact our business. Increased competition from these alternatives as a result of governmental regulations, technological advances, and consumer demand could have an impact on pricing and demand for our products and our profitability. If we are unable to obtain crude oil supplies for our refineries without the benefit of ~~certain intermediation~~ **our Supply and Offtake** ~~agreements~~ **Agreement , LC Facility, and ABL Credit Facility** , the capital required to finance our crude oil supply could negatively impact our liquidity. All of the crude oil delivered at our Hawaii refinery is subject to our Supply and Offtake Agreement with J. Aron and certain **crude** deliveries **at our Hawaii refinery are subject to the LC Facility. Deliveries** of crude oil at our ~~Washington~~ **other** ~~refinery~~ **refineries** are subject to the **ABL Credit Facility** ~~Washington Refinery Intermediation Agreement (together, the " Intermediation Agreements ")~~. If we are unable to obtain our crude oil supply for our refineries under these agreements, our exposure to crude oil pricing risks may increase as the number of days between when we pay for the crude oil and when the crude oil is delivered to us increases. Such increased exposure could negatively impact our liquidity position due to the increase in working capital used to acquire crude oil inventory for our refineries. The ~~Intermediation~~ **Supply and Offtake** ~~Agreements~~ **Agreement and LC Facility** expose us to counterparty credit and performance risk. We have the Supply and Offtake Agreement with J. Aron, pursuant to which J. Aron will intermediate crude oil supplies and refined product inventories at our Hawaii refinery. J. Aron will own all of the crude oil in our tanks and substantially all of our refined product inventories prior to our sale of the inventories. Upon termination of the Supply and Offtake Agreement, which terminates on May 31, 2024 ~~unless extended by mutual agreement for an additional one year term~~, we are obligated to repurchase all crude oil and refined product inventories then owned by J. Aron and located at the specified storage facilities at then current market prices. This repurchase obligation could have a material adverse effect on our business, results of operations, or financial condition. Our agreement with J. Aron also requires us to pay substantial interest expense associated with the facility ~~. Given recent~~ **, which will** ~~increases~~ **increase** in **a rising** crude oil ~~prices~~ **price** and interest ~~rates~~ **rate environment** ~~, the cost of this facility has significantly increased~~. We also have the ~~Washington Refinery Intermediation Agreement with MLC~~ **LC Facility which is intended to finance** ~~whereby our Washington refinery purchases certain crude oil supplies from third- party suppliers~~ and ~~MLC provides~~ **provide** credit support for ~~such~~ **certain of PHR' s** purchases ~~in exchange for our pledge~~ of ~~all~~ crude oil ~~and refined products inventories from such refinery~~. An adverse change in the business, results of operations, liquidity, or financial condition of **one of** our ~~intermediation~~ counterparties could adversely affect the ability of such ~~counterparties~~ **counterparty** to perform ~~their~~ **its** obligations, which could consequently have a material adverse effect on our business, results of operations, or liquidity and, as a result, our business and operating results. Inadequate liquidity could materially and adversely affect our business operations in the future. If our cash flow and capital resources are insufficient to fund our obligations, we may be forced to reduce our capital expenditures, seek additional equity or debt capital, or restructure our indebtedness. We cannot assure you that any of these remedies could, if necessary, be affected on commercially reasonable terms, or at all. Our liquidity is constrained by our need to satisfy our obligations under our debt agreements ~~and~~ **,** the ~~Intermediation~~ **Supply and Offtake** ~~Agreements~~ **Agreement, and the LC Facility** . The availability of capital when the need arises will depend upon a number of factors, some of which are beyond our control. These factors include general economic and financial market conditions, the crack spread, natural gas and crude oil prices, our credit ratings, interest rates, market perceptions of us or the industries in which we operate, our market value, and our operating performance. We may be unable to execute our long- term operating strategy if we cannot obtain capital from these or other sources when the need arises. Our ability to generate cash and repay our indebtedness or fund capital expenditures depends on many factors beyond our control and any failure to do so could harm our business, financial condition, and results of operations. Our ability to fund future capital expenditures and repay our indebtedness when due will depend on our ability to generate sufficient cash flow from operations, borrowings under our debt agreements, and distributions from our subsidiaries. To a certain extent, this is subject to general economic, financial, competitive, legislative, and regulatory conditions and other factors that are beyond our control, including ~~the~~ crack ~~spread~~ **spreads** . We cannot assure you that our businesses will generate sufficient cash flow from operations, that our subsidiaries can or will make sufficient distributions to us, or that future borrowings will be available to us in an amount sufficient to repay our indebtedness or fund our other liquidity needs. If our cash flow and capital resources are insufficient to fund our needs, we may be forced to reduce our planned capital expenditures, sell assets, seek additional equity or debt capital, or restructure our debt. We cannot assure you that any of these remedies could, if necessary, be affected on commercially reasonable terms, or at all, which could cause us to default on our obligations and could impair our liquidity. Our substantial level of indebtedness could adversely affect our financial condition. We have a substantial amount of indebtedness, which requires significant interest payments. As of December 31, ~~2022~~ **2023** , we had $ ~~505~~ **650** . ~~5~~ **9** million of indebtedness and Interest expense and financing costs, net for the year ended December 31, ~~2022~~ **2023** was $ ~~68~~ **72** . ~~3~~ **5** million. Our substantial level of indebtedness could have important consequences, including the following: • we must use a substantial portion of our cash flow from operations to pay interest and principal on our indebtedness and obligations under the ~~Intermediation~~ **Supply and Offtake** ~~Agreements~~ **Agreement and LC Facility** , which reduces funds available to us for other purposes, such as working capital, capital expenditures, other general corporate purposes, and potential acquisitions; • our ability to refinance such indebtedness or to obtain additional financing for working capital, capital expenditures, acquisitions, or general corporate purposes may be impaired; • our leverage may be greater than that of some of our competitors, which may put us at a competitive disadvantage and reduce our flexibility in responding to current and changing industry and financial market conditions; • we may be more vulnerable to economic downturns and adverse developments in our business; and • we may be unable to comply with financial and other restrictive covenants in our debt agreements, some of which require us to maintain specified financial ratios and limit our ability to incur additional debt and sell assets, which could result in an event of default that, if not cured or waived, would have an adverse effect on our business and prospects and could result in bankruptcy. Our ability to meet expenses, to remain in compliance with the covenants under our debt agreements, and to make future principal and interest payments in respect of our debt depends on, among other things, our operating performance, competitive developments, and financial market conditions, all of which are significantly affected by financial, business, economic, and other factors. We are not able to control many of these factors. If industry and economic conditions deteriorate, our cash flow may not be sufficient to allow us to pay principal and interest on our debt and meet our other obligations. This increase in our indebtedness may reduce our flexibility to respond to changing business and economic conditions or to fund capital expenditure or working capital needs because we will require additional funds to service our outstanding indebtedness and may not be able to obtain additional financing. Despite our current debt levels, we may still incur substantially more debt or take other actions which would intensify the risks associated with our substantial leverage. Despite our current consolidated debt levels, we may be able to incur significant additional indebtedness in the future. Although our debt agreements contain restrictions on the incurrence of additional indebtedness and entering into certain types of other transactions, these restrictions are subject to a number of qualifications and exceptions. Additional indebtedness incurred in compliance with these restrictions could be substantial. These restrictions also do not prevent us or our subsidiaries from incurring obligations, such as trade payables, that do not constitute indebtedness as defined under our debt agreements. To the extent new debt is added to our current debt levels, the substantial leverage risks associated with our indebtedness would increase. Our debt agreements impose significant operating and financial restrictions on us. Our debt agreements impose, and the terms of any future debt may impose, significant operating and financial restrictions on us. These restrictions, among other things, may limit our ability to: • pay dividends or distributions, repurchase equity, prepay junior debt, and make certain investments **, loans, or acquisitions** ; • incur additional debt **, make guarantees of debt,** or issue certain disqualified stock and preferred stock; • sell or otherwise dispose of assets, including capital stock of subsidiaries; • incur liens ~~on assets~~ ; • **enter into certain hedging transactions; • consummate fundamental changes,** merge or consolidate with another company ~~or~~ **,** sell all or substantially all assets **, or alter the business** ; • enter into certain transactions with affiliates; and • enter into agreements that would restrict the ability of our subsidiaries to pay dividends or **distributions** ~~make other payments to the Issuers~~ . All of these covenants may adversely affect our ability to finance our operations, meet or otherwise address our capital needs, pursue business opportunities, react to market conditions, or otherwise restrict activities or business plans. A breach of any of these covenants could result in a default in respect of the related indebtedness. If a default occurs, the requisite lenders could elect to declare the indebtedness, together with accrued interest and other fees, to be immediately due and payable and proceed against any collateral securing that indebtedness. If repayment of our indebtedness is accelerated as a result of such default, we cannot assure you that we would have sufficient assets or access to credit to repay such indebtedness. We may incur losses and incur additional costs as a result of our forward- contract activities and derivative transactions. We enter into derivative contracts from time to time primarily to reduce our exposure to fluctuations in interest rates and in the price of crude oil and refined products. If the instruments we use to hedge our exposure are not effective, or if our counterparties are unable to satisfy their obligations to us, we may incur losses. We may also be required to incur additional costs in connection with future regulation of derivative instruments to the extent such regulation is applicable to us. Additionally, our commodity derivative activities may produce significant period- to- period earnings volatility that is not necessarily reflective of our underlying operational performance. Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly and otherwise impact our ability to incur indebtedness for acquisitions and working capital needs. We are subject to interest rate risk in connection with borrowings under certain of our debt agreements as well as our ~~J. Aron~~ Supply and Offtake Agreement and ~~MLC~~ - **LC Facility** ~~Washington Refinery Intermediation Agreement~~ , which bear interest at variable rates. Interest rate changes will not affect the market value of indebtedness incurred under such debt agreements, but could affect the amount of our interest payments and, accordingly, our future earnings and cash flows, assuming other factors are held constant. Increases in interest rates could also impact our ability to incur indebtedness to fund acquisitions and working capital needs. ~~A~~ **Since 2022, interest rates have been significantly higher than in recent years and a** significant increase in prevailing interest rates that results in a substantial increase in the interest rates applicable to our indebtedness could substantially increase our interest expense and have a material adverse effect on our financial condition, results of operations, and cash flows. We cannot be certain that our net operating loss tax carryforwards will continue to be available to offset our tax liability. As of December 31, ~~2022~~ **2023** , we estimated that we had approximately $ ~~1~~ **0** . ~~2~~ **9** billion of net operating loss (" NOL ") tax carryforwards. In order to utilize the NOLs, we must generate taxable income that can offset such carryforwards. The availability of NOLs to offset taxable income would be substantially reduced or eliminated if we were to undergo an " ownership change " within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the " Code "). We will be treated as having had an " ownership change " if there is more than a 50 % increase in stock ownership during any three year " testing period " by " 5 % shareholders. " In order to help us preserve our NOLs, our certificate of incorporation contains stock transfer restrictions designed to reduce the risk of an ownership change for purposes of Section 382 of the Code. We expect that the restrictions will remain in place for the foreseeable future. We cannot assure you, however, that these restrictions will prevent an ownership change. Our ability to utilize a significant portion of our NOLs to offset future taxable income is subject to various limitations, including that certain NOLs will expire in various amounts, if not used, between ~~2029~~ **2030** through 2037. During 2018, the Internal Revenue Service (" IRS ") completed an audit of our tax returns for the tax years ending 2014 through 2016, which included those returns for the years in which the losses giving rise to the NOLs were reported. Although the IRS made no challenge of the availability of our NOLs during this audit, we cannot assure you that we would prevail if the IRS were to challenge the availability of the NOLs in the event of future audits. If the IRS were successful in challenging our NOLs, all or some portion of the NOLs would not be available to offset any future consolidated income, which would negatively impact our results of operations and cash flows. Certain provisions of the Tax Cuts and Jobs Act, enacted in 2017, may also limit our ability to utilize our net operating tax loss carryforwards. We may be unable to successfully identify, execute, or effectively integrate future acquisitions, which may negatively affect our results of operations. We will continue to pursue acquisitions in the future. Although we regularly engage in discussions with, and submit proposals to, acquisition candidates, suitable acquisitions may not be available in the future on reasonable terms. If we do identify an appropriate acquisition candidate, we may be unable to successfully negotiate the terms of an acquisition, finance the acquisition, or, if the acquisition occurs, effectively integrate the acquired business into our existing businesses. Negotiations of potential acquisitions and the integration of acquired business operations may require a disproportionate amount of management' s attention and our resources. Even if we complete additional acquisitions, continued acquisition financing may not be available or available on reasonable terms, any new businesses may not generate the anticipated level of revenues, the anticipated cost efficiencies, or synergies may not be realized, and these businesses may not be integrated successfully or operated profitably. Our inability to successfully identify, execute, or effectively integrate future acquisitions may negatively affect our results of operations. Acquisitions may prove to be worth less than we paid because of uncertainties in evaluating potential liabilities. Our recent growth is due in large part to acquisitions, such as the acquisitions of our ~~Wyoming~~ **Montana** refining business ~~, our Pacific Northwest retail business, and U. S. Oil and assets related to the Hawaii refinery~~ . We expect acquisitions to be instrumental to our future growth. Successful acquisitions require an assessment of a number of factors, including estimates of potential unknown and contingent liabilities. Such assessments are inexact and their accuracy is inherently uncertain. In connection with our assessments, we perform due diligence reviews of acquired businesses and assets that we believe are generally consistent with industry practices. However, such reviews will not reveal all existing or potential problems. In addition, our reviews may not permit us to become sufficiently familiar with potential environmental problems or other contingent and unknown liabilities that may exist or arise. As a result, there may be unknown and contingent liabilities related to acquired businesses and assets of which we are unaware. We could be liable for unknown obligations relating to acquisitions for which indemnification is not available, which could materially adversely affect our business, results of operations, and cash flows. A substantial portion of our refining workforce is unionized and we may face labor disruptions that would interfere with our operations. As of December 31, ~~2022~~ **2023** , we employed 1, ~~397~~ **814** people, ~~226~~ **331** of whom are covered by collective bargaining agreements. At our Hawaii ~~and~~ **,** Washington **, and Montana** refineries, all ~~226~~ **331** employees covered by collective bargaining agreements are represented by the USW with collective bargaining agreements effective through January 31, 2026. **We also employ three employees in Montana in our Rocky Mountain Pipeline & Terminals business that are represented by the Rocky Mountain Union (" RMU ") with a collective bargaining agreement effective through October 1, 2025.** However, we may not be able to prevent a strike or work stoppage in the future and any such work stoppage could cause disruptions in our business and have a material adverse effect on our business, financial condition, results of operations, and cash flows. Changes in the availability of and the cost of labor could adversely affect our business. Changes in labor markets due to **various** ~~COVID- 19 and other~~ factors, including inflationary pressures, have increased the competition for recruiting and retaining talent. As a result of these factors, our business could be adversely impacted by increases in labor, health care, and benefits costs necessary to attract and retain high quality employees with the right skill sets to meet our needs. In addition, our wages and benefits programs may be insufficient to attract and retain top performing employees, especially in a rising wage market. Any failure by us to attract, develop, retain, motivate, and maintain good relationships with qualified individuals could adversely affect our business and results of operations. Adverse changes in global economic conditions and the demand for transportation fuels may impact our business and financial condition in ways that we currently cannot predict. A recession or prolonged economic downturn would adversely affect the business and economic environment in which we operate. These conditions increase the risks associated with the creditworthiness of our suppliers, customers, and business partners. The consequences of such adverse effects could include interruptions or delays in our suppliers' performance of our contracts, reductions and delays in customer purchases, delays in or the inability of customers to obtain financing to purchase our products, and bankruptcy of customers. Any of these events may adversely affect our financial condition, cash flows, and profitability ~~. The pending acquisition of the ExxonMobil Billings refinery and associated marketing and logistics assets (the " Billings Acquisition ") may not close as anticipated. The Billings Acquisition is expected to close in the second quarter of 2023, subject to the satisfaction of certain closing conditions. If these conditions are not satisfied or waived, the Billings Acquisition will not be consummated. Certain of the conditions that remain to be satisfied include, but are not limited to: • the continued accuracy of the representations and warranties contained in the Billings Acquisition purchase agreement; • the performance by each party of its obligations under the Billings Acquisition purchase agreement; • the absence of any law or timing agreement that prohibits the Billings Acquisition or makes the Billings Acquisition illegal; • the absence of any suit, action or other proceeding that seeks to prohibit the Billings Acquisition, seeks to make the Billings Acquisition illegal, or seeks substantial damages in connection with the Billings Acquisition; • the absence of adverse action under the Hart- Scott- Rodino Antitrust Improvement Act of 1976, as amended; • the absence of a material adverse effect with respect to the sellers relating to the ownership, operation or maintenance of the assets to be purchased in the Billings Acquisition and the assets, condition or business of Exxon Billings Cogeneration, Inc. and Yellowstone Logistics Holding Company or the ability of the sellers to consummate the Billings Acquisition; • the operation of the Billings refinery in accordance with certain operating standards for a certain period prior to the closing date of the Billings Acquisition; • the delivery of certain carve- out financial statements related to the assets and equity interests to be acquired in the Billings Acquisition; and • the execution of certain agreements related to the consummation of the Billings Acquisition. In addition, we and the sellers can mutually agree to terminate the Billings Acquisition purchase agreement without completing the Billings Acquisition. Further, we or the sellers can unilaterally terminate the Billings Acquisition purchase agreement without the other party' s agreement and without completing the Billings Acquisition upon the occurrence of certain events. We cannot assure you that the pending Billings Acquisition will close on our expected timeframe, or at all, or close without material adjustment. We may fail to successfully integrate the assets to be acquired in the Billings Acquisition with our existing business in a timely manner, which could have a material adverse effect on our business, financial condition, results of operations, or cash flows, or we may fail to realize all of the expected benefits of the Billings Acquisition, which could negatively impact our future results of operations. Integration of the assets to be acquired in the Billings Acquisition with our existing business will be a complex, time- consuming, and costly~~

~~process. A failure to successfully integrate the assets with our existing business in a timely manner may have a material adverse effect on our business, financial condition, results of operations, or cash flows. The difficulties of combining the assets with our existing operations include, among other things: • operating a larger combined organization and adding operations; • difficulties in the assimilation of the acquired assets and operations; • the diversion of management' s attention from other business concerns; • integrating personnel from diverse business backgrounds and organizational cultures; • potential environmental or regulatory compliance matters or liabilities; and • coordinating and consolidating corporate and administrative functions. If we consummate the Billings Acquisition and if any of these risks or unanticipated liabilities or costs were to materialize, then any desired benefits of the Billings Acquisition may not be fully realized, if at all, and our future results of operations could be negatively impacted. In addition, the assets to be acquired in the Billings Acquisition may actually perform at levels below the forecasts we used to evaluate the assets, due to factors that are beyond our control. If the assets perform at levels below the forecasts we used to evaluate the assets, then our future results of operations could be negatively impacted. Flaws in our ongoing due diligence in connection with the assets to be acquired in the Billings Acquisition could have a significant negative effect on our financial condition and results of operations. We conducted due diligence in connection with the Billings Acquisition prior to signing the purchase agreement with respect thereto and are continuing to conduct due diligence during the period between the signing and closing of the Billings Acquisition. Intensive due diligence is time consuming and expensive due to the operations, accounting, finance, and legal professionals who must be involved in the due diligence process and the fact that such efforts do not always lead to a consummated transaction. Diligence may not reveal all material issues that may affect the assets to be acquired in the Billings Acquisition. In addition, factors outside of our control may later arise. If, during the due diligence process, we fail to identify issues specific to the assets, we may be forced to later write down or write off assets, restructure our operations, or incur impairment or other charges that could result in other reporting losses. We cannot assure you that we will not have to take write- downs or write- offs in connection with the acquisitions of certain of the assets and assumption of certain liabilities of the assets to be acquired in the Billings Acquisition, which could have a negative effect on our financial condition and results of operations following closing~~ . RISKS RELATED TO OUR COMMON STOCK Because we have no near term plans to pay cash dividends on our common stock, investors must look solely to stock appreciation for a return on their investment in us. We have never declared or paid any cash dividends on our common stock. We currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate declaring or paying any cash dividends on our common stock in the near term. Any future determination as to the declaration and payment of cash dividends will be at the discretion of our board of directors and will depend on then- existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects, and other factors that our board of directors considers relevant. If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our common stock, or if our operating results do not meet their expectations, our stock price could decline. The trading market for our common stock is influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline. Moreover, if one or more of the analysts who cover our company downgrades our common stock or if our operating results do not meet their expectations, our stock price could decline. The price of our common stock historically has been volatile. This volatility may affect the price at which you could sell your common stock. The market price for our common stock has varied between a high of $ ~~24~~ **37** . ~~96~~ **02** on ~~November 22~~ **August 11** , ~~2022~~ **2023** , and a low of $ ~~11~~ **20** . ~~82~~ **66** on ~~March 16~~ **May 5** , ~~2022~~ **2023** , during the year ended December 31, ~~2022~~ **2023** . This volatility may affect the price at which you could sell your common stock. Our stock price is likely to continue to be volatile and subject to significant price and volume fluctuations in response to market and other factors; variations in our quarterly operating results from our expectations or those of securities analysts or investors; downward revisions in securities analysts’ estimates; and announcements by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, or capital commitments. An impairment of an equity investment, a long- lived asset, or goodwill could reduce our earnings or negatively impact the value of our common stock. Consistent with U. S. generally accepted accounting principles (“ GAAP ”), we evaluate our goodwill for impairment at least annually and our equity investments and long- lived assets, including intangible assets with finite useful lives, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the investments we account for under the equity method, such as Laramie Energy, the impairment test requires us to consider whether the fair value of the equity investment as a whole, not the underlying net assets, has declined and whether that decline is other than temporary. If we determine that an other- than- temporary impairment is indicated, we would be required to recognize a non- cash charge to earnings with a correlative effect on equity and balance sheet leverage as measured by debt to total capitalization. ~~As a result of the global economic impact of the COVID- 19 pandemic and a steep decline in current and forecasted prices and demand for crude oil and refined products, the goodwill at our refining reporting units in Hawaii and Washington was fully impaired and the goodwill associated with our retail reporting unit in Washington and Idaho was partially impaired, resulting in a charge of $ 67. 9 million in our consolidated statement of operations for the year ended December 31, 2020. Additionally, as a result of our impairment evaluation of our investment in Laramie Energy, we recorded an impairment charge of $ 45. 3 million on our consolidated statement of operations for the year ended December 31, 2020.~~ Any ~~additional~~ impairment charges could have a negative impact on the price of our common stock. Additionally, there can be no assurance that no future impairment charge will be made with respect to our equity investments, goodwill, and long- lived assets. The market for our common stock has been historically illiquid, which may affect your ability to sell your shares. The volume of trading in our common stock has historically been low. The lack of substantial liquidity can adversely affect the price of our stock at a time when you might want to sell your shares. There is no guarantee that an active trading market for our common stock will develop or be maintained on the NYSE, or that the volume of trading will be sufficient to allow for timely trades.

Investors may not be able to sell their shares quickly or at the latest market price if trading in our stock is not active or if trading volume is limited. In addition, if trading volume in our common stock is limited, trades of relatively small numbers of shares may have a disproportionate effect on the market price of our common stock. Delaware law, our charter documents, and concentrated stock ownership may impede or discourage a takeover, which could reduce the market price of our common stock. We are a Delaware corporation and the anti- takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial to our existing stockholders. For example, the change in ownership limitations contained in Article 11 of our certificate of incorporation could have the effect of discouraging or impeding an unsolicited takeover proposal. In addition, our board of directors or a committee thereof has the power, without stockholder approval, to designate the terms of one or more series of preferred stock and issue shares of preferred stock. The ability of our board of directors or a committee thereof to create and issue a new series of preferred stock and certain provisions of Delaware law and our certificate of incorporation and bylaws could impede a merger, takeover, or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock, which, under certain circumstances, could reduce the market price of our common stock. **As of January 23, 2024,** Blackrock, Inc., together with its affiliates, owned or had the right to acquire ~~as of December 31, 2022~~ approximately ~~13~~ **14** . ~~4~~ **3** % of our outstanding common stock. This level of ownership of shares of our common stock could have the effect of discouraging or impeding an unsolicited acquisition proposal. We may issue preferred stock with terms that could adversely affect the voting power or value of our common stock and any future issuances of our common stock may reduce our stock price. Our certificate of incorporation authorizes us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designations, preferences, limitations, and relative rights, including preferences over our common stock respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred stock could adversely impact the voting power or value of our common stock. Additionally, we are not restricted from issuing additional shares of common stock, or securities convertible into common stock, under a registration statement declared effective by the SEC. We cannot predict the size of future issuances of our common stock. However, one or more large issuances of our common stock, or securities convertible into our common stock, may adversely affect the prevailing market price of our common stock. Investor sentiment towards climate change, fossil fuels, sustainability, and other Environmental, Social, and Governance (" ESG ") matters could adversely affect our business and our stock price. There have been efforts in recent years aimed at the investment community, including investment advisors, sovereign wealth funds, public pension funds, universities, and other groups, to promote the divestment of shares of energy companies, as well as to pressure lenders and other financial services companies to limit or curtail activities with energy companies. As a result, some financial intermediaries, investors, and other capital markets participants have reduced or ceased lending to, or investing in, companies that operate in industries with higher perceived environmental exposure, such as the energy industry. If divestment efforts are continued, the price of our common stock or debt securities, and our ability to access capital markets or to otherwise obtain new investment or financing, may be negatively impacted. Members of the investment community are also increasing their focus on ESG practices and disclosures, including practices and disclosures related to GHG emissions and climate change in the energy industry in particular, and diversity and inclusion initiatives and governance standards among companies more generally. As a result, we may face increasing pressure regarding our ESG practices and disclosures. Additionally, members of the investment community may screen companies such as ours for ESG performance before investing in our common stock or debt securities or lending to us. Over the past few years there has also been an acceleration in investor demand for ESG investing opportunities, and many large institutional investors have committed to increasing the percentage of their portfolios that are allocated towards ESG- focused investments. As a result, there has been a proliferation of ESG- focused investment funds seeking ESG- oriented investment products. If we are unable to meet the ESG standards or investment or lending criteria set by these investors and funds, we may lose investors, investors may allocate a portion of their capital away from us, our cost of capital may increase, the price of our common stock and debt securities may be negatively impacted, and our reputation may also be negatively affected.