Risk Factors Comparison 2024-03-07 to 2023-03-01 Form: 10-K

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

Investing in our common stock involves a high degree of risk. You should carefully consider each of the following risk factors and all of the other information set forth in this filing, including our consolidated financial statements and related notes, before investing in our common stock. The following risks and the risks described elsewhere in this filing, including in the section entitled " Management' s Discussion and Analysis of Financial Condition and Results of Operations, " could materially harm our business, financial condition, future results and cash flow. If that occurs, the trading price of our common stock could decline, and you could lose all or part of your investment. Risks Relating to Our Need for Future Funding and Current Indebtedness **We anticipate that we will need to raise additional capital in the future to satisfy outstanding liabilities and our ability to obtain the necessary funding is uncertain. We will need to raise additional funding or refinance our Term Loan in the future, which we owe $ 196 million under as of the date of this filing, and which is due on April 1, 2025. We may also need to raise additional funding to meet the requirements of the terms and conditions of our outstanding Convertible Senior Notes, including to pay interest and principal thereon, we anticipate needing to raise additional funding in the future to repay the Term Loan, and / or we may need to raise additional funding in the future to support our operations, complete acquisitions and grow our operations. Such funds may not be available when needed or may not be available on favorable terms. If we raise additional funds in the future, by issuing equity securities, dilution to existing stockholders will result, and such securities may have rights, preferences and privileges senior to those of our common stock. If funding is insufficient at any time in the future and we are unable to generate sufficient revenue from new business arrangements, to repay our outstanding debts and / or redeem our preferred stock (pursuant to their terms), complete planned acquisitions or operations, our results of operations and the value of our securities could be adversely affected. Future funding may not be available on favorable terms, if at all. The terms of any new credit or debt agreement we enter into in the future to refinance or repay the Term Loan may be on less favorable terms, require additional, or more, restrictive covenants, and may further restrict our ability to operate.** Uncertainty and illiquidity in credit and capital markets can impair our ability to obtain credit and financing on acceptable terms and can adversely affect the financial strength of our business partners. Our ability to obtain credit and capital depends in large measure on the state of the credit and capital markets, which is beyond our control. Our ability to access credit and capital markets may be restricted at a time when we would like, or need, access to those markets, which could constrain our flexibility to react to changing economic and business conditions. In addition, the cost and availability of debt and equity financing may be adversely impacted by unstable or illiquid market conditions. Protracted uncertainty and illiquidity in these markets also could have an adverse impact on our lenders, commodity hedging counterparties, or our customers, preventing them from meeting their obligations to us. From time to time, our cash needs may exceed our internally generated cash flow, and our business could be materially and adversely affected if we are unable to obtain necessary funds from financing activities. From time to time, we may need to supplement cash generated from operations with proceeds from financing activities. Uncertainty and illiquidity in financial markets may materially impact the ability of the participating financial institutions to fund their commitments to us under our liquidity facilities. Accordingly, we may not be able to obtain the full amount of the funds available under our liquidity facilities to satisfy our cash requirements, and our failure to do so could have a material adverse effect on our operations and financial position. We ~~anticipate the need~~ **have substantial indebtedness and plan** to ~~raise~~ **acquire** additional ~~services,our business,financial condition,results of operations and cash flows in future periods could be materially adversely affected.We have substantial indebtedness and plan to acquire additional~~ indebtedness in the future,which could adversely affect our financial flexibility and our competitive position.Our future failure to comply with financial covenants in our debt agreements could result in such debt agreements again being declared in default.We have a significant amount of outstanding indebtedness.As of December 31, ~~2022~~ **2023** ,we owed ~~approximately~~ $ ~~102~~ **148** . ~~7~~ **6** million in accounts payable and accrued expenses ~~.As of December 31~~ , **$ 141.3 million in inventory financing liabilities (described below under" Part II.- Item 8.Financial Statements and Supplementary Data"-" Note 10.Inventory Financing Arrangements"),approximately $ 196 million under our Term Loan (due April 1,** ~~2022~~ **2025)** , **and** ~~we owed~~ $ ~~95~~ **15** .2 million ~~,~~ under our Convertible Senior Notes (~~each~~ described below under" Part II.- Item 8.Financial Statements and Supplementary Data"-" Note 15 Financing Arrangements ~~"-" Indenture and Convertible Notes~~ ").Our substantial indebtedness could have important consequences and significant effects on our business.For example,it could:• increase our vulnerability to adverse changes in general economic,industry and competitive conditions;• require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness,thereby reducing the availability of our cash flow to fund working ~~capital,capital expenditures~~ capital ~~in~~ **, capital expenditures and** ~~the~~ **other** ~~future~~ **general corporate purposes; • restrict us from taking advantage of business opportunities; • make it more difficult to satisfy our financial obligations; • place us at a competitive disadvantage compared to our competitors that have less debt obligations;** and **• limit** our ability to ~~obtain~~ **borrow additional funds for working capital, capital expenditures, acquisitions, debt service requirements, execution of our business strategy or** ~~the~~ **other** ~~necessary funding is uncertain~~ **general corporate purposes on satisfactory terms or at all** . We may need to raise additional funding **in** ~~to meet~~ the **future to repay** ~~requirements of the terms and conditions of our~~ - **or** ~~outstanding~~ **refinance the** Convertible Senior Notes, ~~including to pay interest and principal thereon, we anticipate needing to raise additional funding in the future to repay~~ the Term Loan, **planned future borrowings** and ~~we~~ **our accounts payable, and as such** may need to ~~raise~~ **seek** additional **debt** ~~funding in the future to support our~~ - **or equity financing** ~~operations, complete~~

~~acquisitions and grow our operations~~ . **Such** ~~If we raise~~ additional **financing** ~~funds in the future, by issuing equity securities, dilution to existing stockholders will result, and such securities may have rights, preferences and privileges senior to those of our common stock. If funding is insufficient at any time in the future and we are unable to generate sufficient revenue from new business arrangements, to repay our outstanding debts, complete planned acquisitions or operations, our results of operations and the value of our securities could be adversely affected. Future funding~~ may not be available on favorable terms, if at all. **borrow funds under a credit facility or similar lending agreement in the future,we may be forced to curtail or abandon our current and / or future planned business operations** .Our arrangement with Macquarie exposes us to Macquarie- related credit and performance risk as well as potential refinancing risks.In April 2022,we entered into several agreements with Macquarie to support the operations of the Mobile Refinery,including a Supply and Offtake Agreement. ~~Additionally,on May 26,2023,Vertex Renewables entered into a Supply and Offtake Agreement with Macquarie,pertaining to the supply and financing of renewable biomass feedstocks used for the production of renewable fuels,the offtake and financing of renewable diesel,and the provision of certain financing accommodations with respect to certain agreed environmental attributes at the Mobile Refinery.~~ Pursuant to the Supply and Offtake ~~Agreements~~ - **Agreement** ,Macquarie has agreed to intermediate crude oil supplies and refined product inventories ~~,and renewable diesel supplies and product inventories,~~ at the Mobile Refinery.Macquarie will own all of the crude oil ~~and renewable diesel~~ in our tanks and substantially all of our refined ~~and finished~~ product inventories prior to our sale of the inventories.Should Macquarie terminate the Supply and Offtake ~~Agreements~~ - **Agreement** with 180 days written notice,we would need to seek alternative sources of financing,including the requirement upon termination to repurchase the inventory at then current market prices.In addition,the cost of repurchasing the inventory may be at higher prices than we sold the inventory.If this is the case at the time of termination,we could suffer significant reductions in liquidity when Macquarie terminates the Supply and Offtake ~~Agreements~~ - **Agreement** and we have to repurchase the inventories.We **may also be unable to enter into a similar relationship with a third party which may impair our ability to operate the Mobile Refinery and purchase inventory therefore,which could have a material adverse effect on our operations and cash flows.If we are unable to** Our financial results are affected by changing commodity prices and margins for refined petroleum and other finished products. Our financial results are largely affected by the relationship, or margin, between the prices at which we sell refined petroleum and other finished products and the prices for crude oil and other feedstocks used in manufacturing these products. Historically, margins have been volatile, and we expect they will continue to be volatile in the future. The costs of feedstocks and the prices at which we can ultimately sell our products depend on numerous factors beyond our control, including regional and global supply and demand, which are subject to, among other things, production levels, levels of refined petroleum product inventories, productivity and growth of economies, and governmental regulation. We do not produce crude oil and must purchase all of the crude we process. The prices for crude oil and refined petroleum products can fluctuate based on global, regional and local market conditions, as well as by type and class of products, which can reduce margins and have a significant impact on our refining, wholesale marketing and retail operations, revenues, operating income and cash flows. Also, crude oil supply contracts generally have market- based pricing provisions. Changes in prices that occur between the time we purchase feedstocks or products and when we sell the refined petroleum products could have a significant effect on our financial results. The price of crude oil also influences prices for our other finished products and the feedstocks used to manufacture the products. We use a significant amount of feedstocks that are derivatively produced in the refining of crude oil, and those feedstock prices can fluctuate widely for a variety of reasons, including changes in worldwide energy prices and the supply and availability of the feedstocks. We expect to continue to incur substantial...... common stock) could become worthless. If we are unable to ~~maintain a credit facility~~ **obtain crude oil supplies** , ~~it~~ **soybean oil and other renewable diesel raw materials, for our Mobile Refinery without the benefit of certain intermediation agreements, the capital required to finance our crude oil supply and / or the lack of the supply of soybean oil and other renewable diesel raw materials** could ~~have~~ **negatively impact our liquidity. All of the crude oil** ~~an~~ **and all** ~~adverse effect on our business. We have historically been able to maintain lines~~ of ~~credit and other~~ -- **the soybean oil delivered at** ~~credit facilities. We rely heavily on the availability and utilization of these lines of credit and credit facilities for~~ our ~~operations~~ **Mobile Refinery are subject to our Supply** and **Offtake Agreements with Macquarie** ~~for the purchase of inventory~~ . If we are unable to borrow funds under a credit facility or...... flows. If we are unable to obtain ~~crude oil supplies for our Mobile Refinery without the benefit of certain intermediation agreements, the capital required to finance~~ our crude oil supply **and /** ~~could negatively impact our~~ - **or soybean** ~~liquidity. All of the crude oil delivered at our Mobile Refinery is subject to our Supply and Offtake Agreements with Macquarie. If we are unable to obtain our crude~~ oil supply for our refinery under these agreements, our exposure to crude **oil and soybean** oil pricing risks may increase as the number of days between when we pay for the crude oil and **soybean oil and** when the crude **oil and soybean** 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 **and soybean oil** ~~inventory~~ **inventories** for our refineries ~~. The Intermediation Agreements expose us to counterparty credit and performance risk. We have Supply and Offtake Agreements with Macquarie, pursuant to which Macquarie will intermediate crude oil supplies and refined product inventories at our Mobile Refinery. Macquarie owns 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, 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 Macquarie 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. An adverse change in the business, results of operations, liquidity, or financial condition of our intermediation counterparties could adversely affect the ability of such counterparties to perform their 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~~ . The prices of crude oil and refined and finished lubricant products materially affect our profitability, and are dependent upon many factors that are beyond our control, including general market demand and economic conditions, seasonal and weather- related factors, regional and grade differentials and governmental regulations and policies. **The** ~~Among these factors is the~~ demand for crude oil **, soybean oil, renewable diesel** and refined and finished lubricant products, ~~which~~ is largely driven by the conditions of local and worldwide economies, as well as by weather patterns, changes in consumer preferences and the taxation of these products relative to other energy sources. Governmental regulations and policies, particularly in the areas of taxation, energy and the environment, and the setting of interest rates ~~, and more recently in response to the COVID- 19 pandemic, also have a significant impact on our activities~~ . Operating results can be affected by these industry factors, product and crude pipeline capacities, crude oil differentials (including regional and grade differentials), **production of soybeans,** changes in transportation costs, accidents or interruptions in transportation, competition in the particular geographic areas that we serve, global market conditions, actions by foreign nations and factors that are specific to us, such as the efficiency of our refinery operations. The demand for crude oil **, soybean oil, renewable diesel** and refined and finished lubricant products can also be reduced due to a local or national recession or other adverse economic condition, which results in lower spending by businesses and consumers on gasoline and diesel fuel, higher gasoline prices due to higher crude oil prices, a shift by consumers to more fuel- efficient vehicles or alternative fuel vehicles (such as ethanol or wider adoption of gas / electric hybrid vehicles), or an increase in vehicle fuel economy, whether as a result of technological advances by manufacturers, legislation mandating or encouraging higher fuel economy or the use of alternative fuel. We do not produce crude oil **or soybean oil** and must purchase all of our crude **oil and soybean** oil, the price of which fluctuates based upon worldwide and local market conditions. Our profitability depends largely on the spread between market prices for refined petroleum products and crude oil prices **, and renewable diesel and renewable feedstocks** . ~~This~~ **These** ~~margin~~ **margins** ~~is~~ **are** continually changing and may fluctuate significantly from time to time. Crude oil and refined products **and crude oil prices and soybean oil** are commodities whose price levels are determined by market forces beyond our control. For example, the reversal of certain existing pipelines or the construction of certain new pipelines transporting additional crude oil or refined products to markets that serve competing refineries could affect the market dynamic that has allowed us to take advantage of favorable pricing. **Additionally, extreme weather conditions may affect the production of soybeans which in turn may affect the price and availability of soybean oil.** A deterioration of crack spreads or price differentials between domestic and foreign crude oils **, or between the price of soybean oil and renewable diesel,** could have a material adverse effect on our business, financial condition, results of operations and cash flows. Additionally, due to the seasonality of refined products markets and refinery maintenance schedules, results of operations for any particular fiscal quarter are not necessarily indicative of results for the full year and can vary year **-** to **-** year in the event of unseasonably cool weather in the summer months and / or unseasonably warm weather in the winter months in the markets in which we sell our petroleum products **. For example, demand is generally lower in the first and fourth quarters of the year for gasoline and other fuel products we produce, as compared to the second and third quarters and demand for gasoline and diesel is generally higher during the summer months than during the winter months due to seasonal increases in highway traffic and agricultural activity** . In general, prices for refined products are influenced by the price of crude oil **and the prices of renewable diesel are influenced by the price of renewable diesel feedstock such as soybean oil** . Although an increase or decrease in the price for crude oil **and / or soybean oil** may result in a similar increase or decrease in prices for refined products, there may be a time lag in the realization of the similar increase or decrease in prices for refined products. The effect of changes in crude **oil and / or soybean** oil prices on operating results, therefore, depends in part on how quickly refined product prices adjust to reflect these changes. A substantial or prolonged increase in crude oil **and / or soybean oil** prices without a corresponding increase in refined product prices, a substantial or prolonged decrease in refined product prices without a corresponding decrease in crude **oil and / or soybean** oil prices, or a substantial or prolonged decrease in demand for refined products could have a significant negative effect on our earnings and cash flow. Also, our crude oil **, soybean oil** and refined products inventories are valued at the lower of cost or ~~market~~ **net realizable value** under the ~~last~~ **first** - in, first- out (" ~~LIFO~~ **FIFO** ") inventory valuation methodology, excluding commodity inventories at the Mobile Refinery which use the weighted average inventory accounting method. If the market value of our inventory were to decline to an amount less than our ~~LIFO~~ **FIFO** cost, we would record a write- down of inventory and a non- cash charge to cost of products sold even when there is no underlying economic impact at that point in time. Continued volatility in crude oil and **/ or soybean oil and** refined products prices could result in lower of cost or ~~market~~ **net realizable value** inventory charges in the future, or in reversals reducing cost of products sold in subsequent periods should prices recover. To successfully operate our facilities, we are required to expend significant amounts for capital outlays and operating expenditures. If we are unable to complete capital projects at their expected costs or in a timely manner, or if the market conditions assumed in our project economics deteriorate, our financial condition, results of operations, or cash flows could be materially and adversely affected. Our facilities consist of many processing units, a number of which have been in operation for many years. One or more of the units may require unscheduled **or scheduled** downtime for unanticipated **or anticipated** maintenance or repairs that are more frequent than our ~~scheduled~~ **estimates of** turnaround for such units. Scheduled and unscheduled maintenance could reduce our revenues during the period of time that the units are not operating. The installation and redesign of key equipment at our facilities, including the ongoing renewable diesel capital project at the Mobile Refinery, involves significant uncertainties, including the following: our upgraded equipment may not perform at expected levels; operating costs of the upgraded equipment may be higher than expected; the yield and product quality of new equipment may differ from design and / or specifications and redesign, modification or replacement of the equipment may be required to correct equipment that does not perform as expected, which could require facility shutdowns until the equipment has been redesigned or modified. Any of these risks associated with new equipment, redesigned older equipment, or repaired equipment could lead to lower revenues or higher costs or otherwise have a negative impact on our future financial condition and results of operations. One of the ways we may grow our business is through the construction of new refinery processing units (or the purchase and refurbishment of used units from another refinery) and the conversion or expansion of existing ones, such as the ongoing conversion at the Mobile Refinery to produce renewable biodiesel. Projects are generally initiated to increase the yields of higher- value products, increase the amount of lower cost crude oils that can be processed, increase refinery production capacity, meet new governmental requirements or take advantage of new government incentive programs, or maintain the operations of our existing assets. Additionally, our growth strategy includes projects that permit access to new and / or more profitable markets, including the growing demand for renewable diesel. The construction process involves numerous regulatory, environmental, political, and legal uncertainties, most of which are not fully within our control, including: • third party challenges to, denials, or delays with respect to the issuance of requisite regulatory approvals and / or obtaining or renewing permits, licenses, registrations and other authorizations; • societal and political pressures and other forms of opposition; • compliance with or liability under environmental regulations; • unplanned increases in the cost of construction materials or labor; • disruptions in transportation of modular components and / or construction materials; • severe adverse weather conditions, natural disasters, terror or cyberattacks, vandalism or other events (such as equipment malfunctions, explosions, fires or spills) affecting our facilities, or those of vendors and suppliers; • shortages of sufficiently skilled labor, or labor disagreements resulting in unplanned work stoppages; • market- related increases in a project' s debt or equity financing costs; and / or • nonperformance or force majeure by, or disputes with, vendors, suppliers, contractors, or sub- contractors involved with a project. If we are unable to complete capital projects at their expected costs or in a timely manner our financial condition, results of operations, or cash flows could be materially and adversely affected. Delays in making required changes or upgrades to our facilities could subject us to fines or penalties as well as affect our ability to supply certain products we make. In addition, our revenues may not increase immediately upon the expenditure of funds on a particular project. ~~For instance, the construction of our previously announced renewable diesel capital project at the Mobile Refinery 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 or renewable diesel in a region in which such growth does not materialize. As a result, new capital investments may not achieve our expected investment return, which could adversely affect our financial condition or results of operations. In addition, from time to time, we have, and expect in the future to execute turnarounds at our refineries, which involve numerous risks and uncertainties. These risks include delays and incurrence of additional and unforeseen costs. The turnarounds allow us to perform maintenance, upgrades, overhaul and repair of process equipment and materials, during which time all or a portion of the refinery will be under scheduled downtime. Our forecasted internal rates of return are also based upon our projections of future market fundamentals which are not within our control, including changes in general economic conditions, available alternative supply, global market conditions, actions by foreign nations and customer demand **. We are required to pay certain costs associated with a steam methane reformer located at the Mobile Refinery, the costs and expenses associated which may be material. We are party to an agreement with a third party whereby the third party agreed to sell us gaseous hydrogen and steam, and we agreed to pay to design, fabricate, install, own, operate and maintain, a steam methane reformer located at the Mobile Refinery (the " Steam Facility "). The agreement remains in place for fifteen years from the date the Steam Facility becomes operational (which we anticipate occurring in 2025), subject to certain rights we have to extend the agreement. Pursuant to the agreement we agreed to pay a monthly base facility charge, along with the costs associated with the production of hydrogen at the facility. While our RD facility is operational, we anticipate that the monthly base facility charge and hydrogen costs will be paid through RD production and will only increase our costs of production by a non- material amount; however, in the event we cease RD operations for any reason, such payments are still required to be made, and are expected to be material to our then operations. Additionally, in the event that the cost of project increases or future modifications are required to be made to the facility, we will be responsible for the additional costs of such project, which may be material. The costs of such project have in the past, and may in the future, be exacerbated by increasing raw material costs and / or inflation. The required costs of the project and / or monthly base facility charge may be material and may materially decrease our cash available for operations, and result in the value of our securities declining in value** . Competition in the refining industry is intense, and an increase in competition in the markets in which we sell our products could adversely affect our earnings and profitability. We compete with a broad range of refining companies, including certain multinational oil companies. Because of their geographic diversity, larger and more complex refineries, integrated operations and greater resources, some of our competitors may be better able to withstand volatile market conditions, to obtain crude oil in times of shortage and to bear the economic risks inherent in all areas of the refining industry. We are not engaged in petroleum exploration and production activities and do not produce any of the crude oil feedstocks used at our refineries. We do not have a retail business and therefore are dependent upon others for outlets for our refined products. Certain of our competitors, however, obtain a portion of their feedstocks from company- owned production and have retail outlets. Competitors that have their own production or extensive retail outlets, with brand- name recognition, are at times able to offset losses from refining operations with profits from producing or retailing operations, and may be better positioned to withstand periods of depressed refining margins or feedstock shortages. In recent years there have been several refining and marketing consolidations or acquisitions between entities competing in our geographic market. These transactions could increase the future competitive pressures on us. The markets in which we compete may be impacted by competitors' plans for expansion projects and refinery improvements that could increase the production of refined products in our areas of operation and significantly affect our profitability. Also, the potential operation of new or expanded refined product transportation pipelines, or the conversion of existing pipelines into refined product transportation pipelines, could impact the supply of refined products to our existing markets and negatively affect our profitability. In addition, we compete with other industries that provide alternative means to satisfy the energy and fuel requirements of our industrial, commercial and individual consumers. The more successful these alternatives become as a result of governmental regulations, technological advances, consumer demand, improved pricing or otherwise, the greater the impact on pricing and demand for our products and our profitability. There are presently significant governmental and consumer pressures to increase the use of alternative fuels in the United States. The market for our lubricants is highly competitive and requires us to continuously develop and introduce new products and product enhancements. Our ability to grow our lubricants depends, in part, on our ability to continuously develop, manufacture and introduce new products and product enhancements on a timely and cost- effective basis, in response to customers' demands for higher performance process lubricants and other product offerings. Our competitors may develop new products or enhancements to their products that offer performance, features and lower prices that may render our products less competitive or obsolete, and, as a consequence, we may lose business and / or significant market share. Our efforts to respond to changes in consumer demand in a timely and cost- efficient manner to drive growth could be adversely affected by unfavorable margins or difficulties or delays in product development and service innovation, including the inability to identify viable new products, successfully complete research and development, obtain regulatory approvals, obtain intellectual property protection or gain market acceptance of new products or service techniques. The development and commercialization of new products requires significant expenditures over an extended period of time, and some products that we seek to develop may never become profitable, and we could be required to write- off our investments related to a new product that does not reach commercial viability. A material decrease in the supply, or a material increase in the price, of crude oil or other raw materials or equipment available to our refineries and other facilities could significantly reduce our production levels and negatively affect our operations. To maintain or increase production levels at our refineries, we must continually contract for crude oil supplies from third parties. There are a limited number of crude oil suppliers in certain geographic regions, and in such cases, we may be required to source from more than one supplier. If we are unable to maintain or extend our existing contracts with any such crude oil suppliers, or enter into new agreements on similar terms, the supply of crude oil could be adversely impacted, or we may incur a higher cost. A material decrease in crude oil production from the fields that supply our refineries, as a result of depressed commodity prices, decreased demand, lack of drilling activity, natural production declines, catastrophic events or otherwise, could result in a decline in the volume of crude oil available to our refineries. In addition, any prolonged disruption of a significant pipeline that is used in supplying crude oil to our refineries or the potential operation of a new, converted or expanded crude oil pipeline that transports crude oil to other markets could result in a decline in the volume of crude oil available to our refineries. Such an event could result in an overall decline in volumes of refined products processed at our refineries and therefore a corresponding reduction in our cash flow. If we are unable to secure additional crude oil supplies of sufficient quality or crude pipeline expansion to our refineries, we will be unable to take full advantage of current and future expansion of our refineries' production capacities. For certain raw materials and utilities used by our refineries and other facilities, there are a limited number of suppliers, and, in some cases, we source from a single supplier and / or suppliers in economies that have experienced instability or the supplies are specific to the particular geographic region in which a facility is located. Any significant disruption in supply could affect our ability to obtain raw materials, or increase the cost of such raw materials, which could significantly reduce our production levels or have a material adverse effect on our business, financial condition and results of operations. In addition, certain raw materials that we use are subject to various regulatory laws, and a change in the ability to legally use such raw materials may impact our liquidity, financial position and results of operations. It is also common in the refining industry for a facility to have a sole, dedicated source for its utilities, such as steam, electricity, water and gas. Having a sole or limited number of suppliers may limit our negotiating power, particularly in the case of rising raw material costs. Any new supply agreements we enter into may not have terms as favorable as those contained in our current supply agreements. Additionally, there is growing concern over the reliability of water sources. The decreased availability or less favorable pricing for water as a result of population growth, drought or regulation could negatively impact our operations. ~~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 complete our capital projects. Certain suppliers have experienced, and may continue to experience, delays related to a variety of factors, including logistical delays and component shortages from vendors. We continue to monitor the situation and work closely with our suppliers to minimize disruption to our operations as a result of supply chain interruptions.~~ If our raw material, utility or water supplies or access to the equipment necessary to operate our facilities were disrupted, our businesses may incur increased costs to procure alternative supplies or equipment or incur excessive downtime, which would have a direct negative impact on our operations. We depend upon Shell for a substantial portion of the crude supply and distribution network that serve our Mobile Refinery. Currently Shell supplies all of the crude oil which we refine at the Mobile Refinery. Shell is subject to its own operating and regulatory risks and the occurrence of any of these risks could directly or indirectly affect Shell' s as well as our financial condition, results of operations and cash flows if Shell is unable to deliver us sufficient crude oil to operate the Mobile Refinery at full capacity. ~~Additionally, these risks could affect Shell' s ability to continue operations which could affect its ability to serve our supply and distribution network needs.~~ Continued increases in interest rates will cause our debt service obligations to increase and may have an adverse effect on our operations. The amounts borrowed under the Loan and Security Agreement bear interest at a rate per annum equal to the sum of (i) the greater of (x) the per annum rate publicly quoted from time to time by The Wall Street Journal as the " Prime Rate " in the United States minus 1. 50 % as in effect on such day and (y) the Federal Funds rate for such day plus 0. 50 %, subject in the case of this clause (i), to a floor of 1. 0 %, plus (ii) ~~9~~ **10** . 25 %, which rate is currently ~~15~~ **17** . ~~5~~ **25** %. Interest rates have recently been increasing and any continued increase in the interest rates associated with our floating- rate debt would increase our debt service costs and affect our results of operations. In addition, a future increase in interest rates could adversely affect our future ability to obtain financing or materially increase the cost of any additional financing. Changes in interest rates could also have a material adverse impact on our earnings and cash flows. Because our future notes payable are expected to have variable interest rates, our business results are expected to be subject to fluctuations in interest rates. Changes in market interest rates may influence our financing costs, returns on financial investments and the valuation of derivative contracts and could reduce our earnings and cash flows. We have been and may in the future be negatively impacted by inflation. Increases in inflation have already, and may in the future, have an adverse effect on us. Current and future inflationary effects may be driven by, among other things, supply chain disruptions and governmental stimulus or fiscal policies. ~~Continuing~~ **Prior** increases in inflation have ~~already~~ , and could in the future, impact the commodity markets generally, the overall demand for our products, our costs for feedstocks, labor, material and services and the margins we are able to realize on our products and services, all of which have already, and could in the future, have an adverse impact on our business, financial position, results of operations and cash flows. Inflation may and has already resulted in higher interest rates, which in turn results in higher interest expenses related to our variable rate indebtedness and any borrowings we undertake to refinance existing fixed rate indebtedness. **Additionally, the interest rate of** ~~Economic uncertainty may affect our access to capital and / or~~ **our Term Loan is subject to adjustment based on fluctuations in the prime rate. An** increase **in** ~~the costs of such capital. Global economic conditions continue to be volatile and uncertain due to, among other~~ -- **the** ~~things, consumer confidence in future economic conditions, fears of recession and trade wars, global conflicts, including the ongoing conflict between Russia and Ukraine, the price of energy, increasing~~ interest rates **associated with our Term Loan debt would increase our debt service costs and affect our results of operations. In addition** , ~~the availability and~~ - **an increase in interest rates could adversely affect our future ability to obtain financing or materially increase the** cost of **any additional** ~~consumer credit, the availability and timing of government stimulus programs, levels of unemployment, increased inflation, and tax rates. These conditions remain unpredictable and create uncertainties about our ability to raise capital in the future. In the event required capital becomes unavailable in the future, or more costly, it could have a material adverse effect on our business, results of operations, and financial~~ **financing** ~~condition~~ . A decline in expected profitability of the Company or any of our business segments could result in the impairment of assets and other long- lived assets. We hold material amounts of long- lived assets on our balance sheet. A decline in expected profitability of one of our operating segments or a decline in the global economy, could call into question the recoverability of our long- lived tangible and intangible assets, and require us to write down or write off these assets. Such an occurrence could have a material adverse effect on our annual results of operations and financial position. Large capital projects can take many years to complete, and the political and regulatory environments or other market conditions may change or deteriorate over time, negatively impacting project returns. We may engage in capital projects based on the forecasted project economics, political and regulatory environments, and the expected return on the capital to be employed in the project, including the in **-** process Mobile Refinery renewal biodiesel capital project. Large- scale projects take many years to complete, during which time the political and regulatory environment or other market conditions may change from our forecast. As a result, we may not fully realize our expected returns, which could negatively impact our business, financial condition, results of operations, and liquidity. Our industry and the broader US economy ~~have~~ experienced higher than typical inflationary pressures ~~during~~ **since** 2022 ~~and during the first quarter of 2023~~ , related to continued supply chain disruptions, labor shortages and geopolitical instability. Should these conditions persist **,** our business, results of operations and cash flows could be materially and adversely affected. ~~Fiscal~~ **Since** 2022 **, we** ~~and the first quarter of 2023~~ have seen significant increases in the costs of certain materials, including construction material required for our ongoing capital project at our Mobile Refinery and longer lead times for such materials, as a result of availability constraints, supply chain disruption, increased demand, labor shortages associated with a fully employed US labor force, high inflation and other factors. Supply and demand fundamentals have been further aggravated by disruptions in global energy supply caused by multiple geopolitical events, including the ongoing conflict between Russia and Ukraine ~~. During 2022~~ and ~~2021~~ **conflict in Israel. As a result** , refining margins have experienced significant volatility ~~, resulting in an increase during the year ended 2022,~~ in each of the benchmark commodities we track ~~compared to the same period in 2021. The increase in market prices was a result of the ongoing conflict between Russia and Ukraine and increased inflation. The Ukraine conflict coupled with disruptions in supply chain that began with the COVID- 19 pandemic in 2020, have resulted in increased inflation and higher market prices in crude oil and refined products~~ . During the twelve months ended December 31, ~~2022~~ **2023** , the Consumer Price Energy Index in the United States ~~increased~~ **decreased 2. 0 % and the fuel oil index decreased 14.** 7 ~~. 3~~ % impacting our gross margins. The Consumer Price All Items Index increased ~~6~~ **3** . ~~5~~ **4** % for the same period impacting our operating expenses and slowing economic growth. Recent supply chain constraints and inflationary pressures have in the past, and may in the future continue to, adversely impact our operating costs and timelines for capital projects and may negatively impact our ability to procure materials and equipment in a timely and cost- effective manner, if at all, which could result in delays in the completion of ongoing and future capital projects, delays in turn- arounds at our facilities, increased down- time, reduced margins and delays and, as a result, our business, financial condition, results of operations and cash flows could be materially and adversely affected. The ~~conflict~~ **conflicts** in Ukraine **and Israel** and related price volatility and geopolitical instability ~~has~~ **have** negatively impacted and may continue to negatively impact our business. In late February 2022, Russia launched significant military action against Ukraine. **In October 2023, following a series of coordinated attacks, conducted by the Palestinian Islamist militant group Hamas, from the Gaza Strip onto bordering areas in Israel, Israel began air strikes against Hamas, and may in the future begin a ground war.** The **Israel / Hamas** conflict ~~has~~ **is threatening to spread, and may in the future spread, into other Middle Eastern countries. The conflicts have** caused, and could intensify, volatility in natural gas, oil and natural gas liquid prices, and the extent and duration of the military ~~action~~ **actions** , sanctions and resulting market disruptions could be significant and could potentially have a substantial negative impact on the global economy and / or our business for an unknown period of time. We believe that the ~~recent~~ **late 2022** increase in crude oil prices ~~has~~ **was** partially ~~been~~ due to the impact of the conflict between Russia and Ukraine on the global commodity and financial markets, and in response to economic and trade sanctions that certain countries have imposed on Russia. Any such volatility and disruptions may also magnify the impact of other risks described herein and in our Annual Report on Form 10- K ~~.. Risks Relating to Our Operations, Business and Industry Epidemics, including the 2020- 2022 outbreak of the COVID- 19 coronavirus, and other crises have, and will in the future, negatively impact our business and results of operations. Our revenues and cost of revenues are significantly impacted by fluctuations in commodity prices; decreases in commodity prices typically~~

~~result in decreases in revenue and cost of revenues. Our revenue is to a large extent a function of the market discount we are able to obtain in purchasing feedstock, as well as how efficiently management conducts operations. Additionally, our sales volumes, and as a result, our results of operations and cash flows, significantly depend on the U. S. and to a lesser extent, worldwide demand for oil and used oil. As a result, pandemics, epidemics, and public health crises, which effect the U. S. and the world as a whole, and which result in travel disruptions, reductions in shipping and therefore declines in the need for oil and used oil, will harm our business and cause our operating results to suffer. Similarly, the economic slowdown and general market uncertainty caused by the COVID- 19 coronavirus outbreak and the steps taken by local, state and federal governments to attempt to reduce the spread of, and effects of, such virus, significantly reduced the demand for, and price of oil (which reached all- time lows during 2020), but have since recovered to pre- pandemic levels, and concurrent therewith, the slowdown in the U. S. economy caused by stay- at- home and similar orders during 2020, reduced the amount of feedstock being produced and as a result, our ability to obtain feedstocks, and produce finished products, which had a material adverse effect on our year- over- year results of operations for 2020. While the COVID- 19 restrictions in the jurisdictions in which we operate have since expired or been terminated due to the availability of vaccines, the possibility of future variants and potential waning immunity of vaccinations, creates continued uncertainty as to the total length and effect of the pandemic and / or whether future government actions will result in further reduced economic activity. A public health pandemic, including COVID- 19, poses the risk that the Company or its affiliates, employees, suppliers, customers and others may be prevented from conducting business activities for an indefinite period of time, including as a result of shutdowns, travel restrictions and other actions that may be requested or mandated by governmental authorities. Such actions may prevent the Company from accessing or operating its facilities, delivering products or continuing to obtain feedstocks. While a substantial portion of the Company' s businesses have previously been classified as an essential business in jurisdictions in which facility closures have been mandated, the Company can give no assurance that this will not change in the future or that the Company' s businesses will be classified as essential in each of the jurisdictions in which it operates. It is also possible that the current outbreak or continued spread of COVID- 19 will cause a global recession, or continued shortages in supplies of certain materials and equipment. A continued prolonged period of weak, or a significant decrease in, industry activity and overall markets, due to COVID- 19 or otherwise, may make it difficult to comply with our covenants and the other restrictions in the agreements governing our debt (including our outstanding Convertible Senior Notes). Current global and market conditions have increased the potential for that difficulty~~ . The price of oil and fluctuations in oil prices have in the past and may in the future have a negative effect on our results of operations. Certain of our operations are associated with collecting used oil, re- refining or otherwise processing a portion of such used oil and then selling both such re- refined / processed oil and the excess feedstock oil which we do not currently have the capacity to re-refine, to other customers. The prices at which we sell our re- refined / processed oil and extra feedstock are affected by changes in the reported spot market prices of oil. If applicable rates increase or decrease, we typically will charge a higher or lower corresponding price for our re- refined / processed oil and excess feedstock. The price at which we sell our re- refined / processed oil and excess feedstock is affected by changes in certain indices measuring changes in the price of heavy fuel oil, with increases and decreases in the indices typically translating into a higher or lower price for our re- refined / processed oil and excess feedstock. The cost to collect used oil, including the amounts we pay to obtain a portion of our used oil and therefore ability to collect necessary volumes as well as the fuel costs of our oil collection fleet, typically also increases or decreases when the relevant indices increase or decrease. However, even though the prices we can charge for our re- refined / processed oil and excess feedstock and the costs to collect and re- refine / processed used oil typically increase and decrease together, there is no assurance that when our costs to collect and re- refine / process used oil increase we will be able to increase the prices we charge for our re- refined / processed oil excess feedstock to cover such increased costs, or that our costs to collect and re- refine / process used oil will decline when the prices we can charge for re- refined / processed oil declines. These risks are exacerbated when there are rapid fluctuations in these oil indices and when there is lower pricing due to decreased demand ~~, which have both occurred recently as a result of the economic uncertainty caused by the COVID- 19 outbreak~~ . These risks are also greater when there is an increased supply of oil from the Organization of the Petroleum Exporting Countries (OPEC), which has also recently occurred. In addition to the above, the value of re- refined and processed used oil is usually greater the more expensive oil is. As the price of oil decreases so does the spread between re- refined / processed used oil and refined oil and extremely low oil prices, such as those which we are currently experiencing, customers will often be willing to pay the slightly higher cost of refined oil rather than paying for re- refined / processed oil. Furthermore, as the price of oil decreases, the price we can charge for re-refined / processed oil decreases, and while in general the cost of our feedstocks decreases, the prices required to process such feedstock and operate our plans remain fixed. As such, in the event the price of oil remains low and we are not able to increase the prices we charge for re- refined / processed oil, our margins will likely decrease and it may not become economically feasible to continue to operate our facilities. In the event that were to occur, we may be forced to shut down our facilities. The occurrence of any of the events described above could have a material adverse effect on our results of operations and could in turn cause our securities to decline in value. The prices of many of our products are subject to significant volatility. Our principal products include refined oil, marine fuel cutterstock and a higher- value feedstock for further processing, vacuum oil gas, base oil that is sold to lubricant packagers and distributors, pygas and gasoline blendstock. ~~In~~ **Additionally, in** 2023 we ~~plan to begin~~ **began** producing renewable biodiesel. The prices of these products are tied to the value of oil. Accordingly, our results of operations will be affected by fluctuations in the prevailing market price for oil. Historically, market prices for oil have fluctuated in response to a number of factors, including global changes in supply and demand resulting from changes in local and global economic conditions, changes in energy policies of U. S. and foreign governments, changes in international trading policies, OPEC, and other factors. While we seek to mitigate the risks associated with price declines, including in some situations, by using hedging, a significant decrease in the market price of any of our products or of oil would have a material adverse effect on our results of operations and cash flow. Furthermore, rapid and material changes in feedstock prices generally have an immediate and, often times, material impact on the Company' s gross margin and profitability resulting from the lag effect or lapse of time from the procurement of the feedstock until they are re- refined / processed and the finished products are sold. Our results of operations could be materially and adversely affected in the future by this volatility. Downturns and volatility in global economies and commodity and credit markets could materially adversely affect our business, results of operations and financial condition. Our results of operations are materially affected by the conditions of the global economies and the credit, commodities and stock markets. Among other things, we may be adversely impacted if our customers and suppliers are not able to access sufficient capital to continue to operate their businesses or to operate them at prior levels. A decline in consumer confidence or changing patterns in the availability and use of disposable income by consumers can negatively affect both our suppliers and customers. Declining discretionary consumer spending or the loss or impairment of a meaningful number of our suppliers or customers could lead to a dislocation in either feedstock availability or customer demand. Any tightening in credit supply could negatively affect our customers' ability to pay for our products on a timely basis or at all and could result in a requirement for additional bad debt reserves. Although many of our customer contracts are formula- based, continued volatility in the oil market could negatively impact our revenues and overall profits. Counterparty risk on finished product sales can also impact revenue and operating profits when customers either are unable to obtain credit or refuse to take delivery of finished products due to market price declines ~~. If we are unable to retain current, and obtain new customers, our revenue and cash flows could be reduced to levels that could adversely affect our results of operations. Any of the following factors could result in our inability to maintain current customers or attain new customers. If that were to happen our results of operations could be materially adversely affected and the value of our securities could decline in value: • a material decrease in the supply or price of crude oil or petroleum related products in which we deal; • a material decrease in demand for the finished products in the markets we serve; • scheduled refinery turnarounds or unscheduled maintenance; and • operational problems or catastrophic events at any of our facilities~~ . We are dependent on third parties for the disposal of our waste streams. We do not own any waste disposal sites. As a result, we are dependent on third parties for the disposal of waste streams. To date, disposal vendors have met their requirements, but they may not continue to do so. If for some reason our current disposal vendors cannot perform up to standards, we may be required to replace them. Although we believe there are a number of potential replacement disposal vendors that could provide such services, we may incur additional costs and delays in identifying and qualifying such replacements. In addition, any mishandling of our waste streams by disposal vendors could expose us to liability. Any failure by disposal vendors to properly collect, transport, handle or dispose of our waste streams could expose us to liability, damage our reputation and generally have a material adverse effect on our business, financial condition or results of operations. We are dependent on third party generators and collectors for our feedstock. Generators are entities that generate used oil through their daily operations such as automotive businesses conducting oil changes on consumer and commercial vehicles and industrial users changing lubricants on machinery and heavy equipment. Collectors are typically local businesses that purchase used oil from generators and provide on- site collection services. The collection market is highly fragmented and we believe there are more than 400 used oil collectors in the United States. We depend on generators to generate used oil feedstock and collectors to collect such feedstock. In the event a significant number of generators cease generating feedstock, or generators and collectors cease providing us their feedstock or otherwise materially change the current process by which feedstock is collected, due to future pandemics, or otherwise, it could have a material adverse effect on our business, financial condition or results of operations. Worsening economic recessions and economic conditions and trends and downturns in the business cycles of the industries we serve and which we provide services to , impact our business and operating results. A significant portion of our customer base is comprised of companies in the chemical manufacturing and hydrocarbon recovery industries. The overall levels of demand for our products, refining operations, and future planned re- refined oil products are driven by fluctuations in levels of end- user demand, which depend in large part on general macroeconomic conditions in the U. S., as well as regional economic conditions ~~, and many economists are now forecasting the U. S. may enter into a recession in the next several months~~ . For example, many of our principal consumers are themselves heavily dependent on general economic conditions, including the price of fuel and energy, availability of affordable credit and capital, employment levels, interest rates, consumer confidence and housing demand. These cyclical shifts in our customers' businesses may result in fluctuations in demand, volumes, pricing and operating margins for our services and products. In addition to our customers, the suppliers of our feedstock are also affected by downturns in the economy and adverse changes in the price of feedstock. For example, we previously experienced difficulty obtaining feedstock from our suppliers who, because of prior sharp downturns in the price of oil (used and otherwise) in 2015- 16 saw their margins decrease substantially, which in some cases made it uneconomical for such suppliers to purchase feedstock from their suppliers and / or sell to us at the rates set forth in their contracts. ~~Similarly, the economic slowdown and general market uncertainty caused by the COVID- 19 coronavirus outbreak and the steps taken by local, state and federal governments to attempt to reduce the spread of, and effects of, such virus, significantly reduced the demand for, and price of oil (which reached all- time lows during 2020), but has since recovered to pre- pandemic levels, and concurrent therewith, the slowdown in the U. S. economy caused by stay- at- home and similar orders during 2020, reduced the amount of feedstock being produced and as a result, our ability to obtain feedstocks, and produce finished products.~~ Future recessions, economic downturns or reduced demand for oil are expected to have a material adverse effect on our results of operations, cash flows, and as a result the value of our securities. Our operating margins and profitability may be negatively impacted by changes in fuel and energy costs. We transport our feedstock, refined oil and re- refined oil, VGO and other materials with trucks, by rail and by barge. As a result, increases in shipping and transportation costs caused by increases in oil, gasoline and diesel prices have a significant impact on our operating expenses. The price and supply of oil and gas is unpredictable and fluctuates based on events beyond our control, including geopolitical developments, natural disasters, supply and demand for oil and natural gas, actions by OPEC and other oil and gas producers, war and unrest in oil producing countries, regional production patterns and environmental concerns. A significant increase in transportation or fuel costs could lower our operating margins and negatively impact our profitability. Additionally, the price at which we sell our refined oil and our re- refined oil, VGO and other materials is affected by changes in certain oil indexes. If the relevant oil index rises, we anticipate being able to increase the prices for our refined and re- refined oil. If the relevant oil index declines, we anticipate having to reduce prices for our refined and re- refined oil. However, the cost to collect used oil and refinery feedstock, including the amounts that must be paid to obtain used oil and feedstock, generally also increases or decreases when the relevant index increases or decreases. Even though the prices that can be charged for our refined and re- refined products and the costs to collect, refine, and re- refine the feedstock generally increase and decrease together, if the costs to collect, refine and re- refine used oil and petrochemical products increase in the future, we may not be able to increase the prices we charge for our refined and re- refined products to cover such increased costs. Additionally, the costs to collect, refine and re- refine used oil and petrochemical products may not decline if the prices we can charge for our products decline. If the prices we charge for our finished products and the costs to collect, refine and re- refine products do not move together or in similar magnitudes, our profitability may be materially and negatively impacted. We are vulnerable to the potential difficulties associated with rapid growth. We believe that our future success depends on our ability to manage the rapid growth that we have experienced, and the continued growth that we expect to experience organically and through acquisitions. Our growth places additional demands and responsibilities on our management to, among other things, maintain existing suppliers and customers and attract, recruit, retain and effectively manage employees, as well as expand operations. The following factors could present difficulties to us: lack of sufficient executive- level personnel and increased administrative burden; availability of suitable acquisition candidates, trucks, barges, tanks, rail cars and processing facilities; and the ability to provide focused service attention to our customers, among others. Our **re- refining** contracts may not be renewed and our existing **re- refining** relationships may not continue, which could be exacerbated by the fact that a limited number of our customers represent a significant portion of our **re- refining** sales. Our **re- refining** contracts and relationships in the black oil business include feedstock purchasing agreements with local waste oil collectors, feedstock sale agreements, a few key relationships in the bunkering, blending and No. 6 oil industry, and other relationships. Because our **re- refining** operations are extremely dependent on the black oil key bunkering, blending and No. 6 oil relationships as well as our third- party refining contracts, if we were to lose relationships, there would be a material adverse effect on our **re- refining** operations and results of operations. Additionally, if we were to lose any of our current local waste oil collectors, we could be required to spend additional resources locating and providing incentives for other waste oil collectors, which could cause our expenses to increase and / or cause us to curtail or abandon our **re- refining** business plans. We operate in competitive markets, and there can be no certainty that we will maintain our current **relationships** ~~customers or attract new customers~~ or that our operating margins will not be impacted by competition. The industries in which we operate are highly competitive. We compete with numerous local and regional companies of varying sizes and financial resources in our refining and feedstock consolidation operations, transportation services, feedstock collection and aggregation and used oil recycling, and we compete with larger oil companies, with significantly greater resources than us, in our oil re- refining operations. We expect competition to intensify in the future. Furthermore, numerous well- established companies are focusing significant resources on providing used oil collection, transportation, refining and re- refining services that will compete with our services. We may not be able to effectively compete with these other companies and competitive pressures, including possible downward pressure on the prices we charge for our products and services, **and / or the loss of current relationships,** may arise. In the event that we cannot effectively compete on a continuing basis, or competitive pressures arise, such inability to compete or competitive pressures could have a material adverse effect on our business, results of operations and financial condition. Disruptions in the supply of feedstock and / or increases in the cost of feedstock could have an adverse effect on our business. We depend on the continuing availability of raw materials, including feedstock, to remain in production. Additionally, we depend on the price of such raw materials, including feedstock being reasonable to us in relation to the prices we are able to receive for our final products. A continued disruption in supply of feedstock, ~~such as we experienced during 2020, 2021 and 2022 due to COVID- 19 and are currently continuing to experience,~~ or significant increases in the prices of feedstock, has significantly reduced / could significantly reduce, the availability of raw materials at our plants and which are available to be processed by our third- party processors. Additionally, increases in production costs could have a material adverse effect on our business, results of operations and financial condition. In the event the margins of our feedstock suppliers decrease substantially, it may become uneconomical for such suppliers to purchase feedstock from their suppliers and / or sell to us at the rates set forth in their contracts. This could prevent us from maintaining our required levels of output and / or force us to seek out additional suppliers of feedstock, who may charge more than our current suppliers, and therefore adversely affect our results of operations ~~— as~~ **. The renewable diesel refining industry is** a ~~result of the COVID- 19 pandemic and the issues described above, we were forced to seek out additional suppliers of~~ feedstock **limited industry. As** ~~during 2021 and 2022, who in some cases have charged us~~ more **plants are developed and go into production there may not** ~~than our prior suppliers. Our reliance on small business customers causes us to~~ be ~~subject to the trends and~~ - **an** ~~downturns that impact small businesses~~ **adequate supply of feedstock to supply the demands of the industry** , which could ~~adversely affect~~ **threaten the viability of our renewable diesel operations. The number of renewable diesel refining plants either in production** ~~our~~ - **or** ~~business~~ **in the planning or construction phase continues to increase** . ~~Our~~ **As more plants are developed and go into production, and as more existing plants expand their production capacities, there may not be an adequate supply of** feedstock ~~customer base~~ **to supply the demand of the renewable diesel industry. Consequently, the cost of feedstock may rise to the point where it threatens the viability of our renewable diesel operations. This** is **because** ~~primarily composed of small businesses in the~~ **there is little** ~~vehicle repair and manufacturing industries. The high concentration of our~~ - **or no correlation between the cost of** feedstock **and the market price of renewable diesel and, therefore, we cannot pass along increased feedstock costs to our renewable diesel** customers **. We cannot pass along increased feedstock costs to our renewable diesel customers because in order to stay competitive in the renewable diesel industry, renewable diesel must be competitively priced with petroleum- based diesel. Therefore,**

renewable diesel prices fluctuate more in relation to petroleum- based diesel market prices ~~that~~ **than with feedstock market prices** ~~are small businesses exposes us to significant risk~~ . ~~Small businesses start~~ **As a result** , ~~close~~ **increased feedstock costs or decreased renewable diesel prices may result in decreased revenues. We could be affected by higher than anticipated renewable diesel feedstock costs** , ~~relocate, and are acquired and sold frequently~~ **including but not limited to increased prices for soybeans** . In addition **to general market fluctuations and economic conditions** , ~~small businesses~~ **we could experience significant cost increases associated with the ongoing operation of our renewable diesel refining facility caused by a variety of factors, many of which** are ~~often impacted more significantly~~ **beyond our control. These cost increases could arise from an inadequate supply of soybeans and a resulting price increase which is not accompanied** by ~~economic recessions when compared to larger businesses~~ **an increase in the price for renewable diesel** . ~~As a result~~ **The price of soybeans** , **and therefore soybean oil, which** we ~~must continually identify new~~ **process into renewable diesel, may increase due to alternative uses for soybeans, climate change, droughts, adverse weather, insect spoilation, or other events. Changes in price of soybeans and therefore soybean oil, may affect our ability to obtain** feedstock **for** ~~customers and expand~~ our **renewable diesel refining facility** ~~business with existing feedstock customers in order to sustain our growth~~ and **may adversely effect our margins** ~~feedstock supply. If we experience a rise in levels of customer turnover~~ , **which could make** it **non- economical to operate our renewable diesel refining facility and / or** may have a ~~negative impact~~ **material adverse effect** on ~~the profitability of~~ our ~~business~~ **results of operations and cash flows** . Unanticipated problems at, or downtime effecting, our facilities and those operated by third parties on which we rely, could have a material adverse effect on our results of operations. Our ability to process feedstocks depends on our ability to operate our refining / processing operations and facilities, including our Mobile Refinery, and those operated by third parties on which we rely, including, but not limited to Monument Chemical, and the total time that such facilities are online and operational. The occurrence of significant unforeseen conditions or events in connection with the operation or maintenance of such facilities, such as the need to refurbish such facilities, complete capital projects at such facilities, shortages of workers or materials, adverse weather, including, but not limited to lightning strikes, floods, hurricanes, tornadoes and earthquakes, equipment failures, fires, explosions, oil or other leaks, damage to or destruction of property and equipment associated therewith, environmental releases and / or damage, government regulation changes affecting the use of such facilities, terrorist attacks, mechanical or physical failures of equipment, acts of God, or other conditions or events, could prevent us from operating our facilities, or prevent such third parties from operating their facilities, or could force us or such third parties to shut such facilities down for repairs, maintenance, refurbishment or upgrades for a significant period of time. In the event any of our facilities or those of third parties on which we rely are offline for an extended period of time, it could have a material adverse effect on our results of operations and consequently the price of our securities. ~~For example, on October 7, 2020, we had a fire at our Marrero refinery which took the facility offline for repairs for about two weeks. The refinery suffered some minor structural damage along with piping, valves and instrumentation in the immediate area of the fire, the largest impact was the damage to the electrical conduit that feeds the power to the refinery equipment and was back up October 26, 2020. Additionally, during August and September 2020, two hurricanes brought severe flooding and high winds that adversely impacted operations in the Gulf Coast and, specifically at the Company' s Marrero, Louisiana refinery, while also limiting outbound shipments of finished product along adjacent waterways between Houston and New Orleans for approximately two weeks. Additionally, during August 2021, Hurricane Ida made landfall in southeast Louisiana, approximately 30 miles directly south and west of the Myrtle Grove facility, which resulted in the entire 42 acre Myrtle Grove site to be covered with 4- 6 feet of storm surge and thus damages of assets and equipment. The Company reviewed the inspection report and related information from insurance companies and a third party engineer, and determined that there is no 100 % certainty around the recoverability of some Construction- In- Progress assets such as fire heaters and pumps and instrumentation. The Company recorded $ 2. 1 million of loss on assets impairment on the Consolidated Statements of Operations in the fourth quarter of 2021, of which the entire amount was related to our Black Oil segment. Subsequent downtime at our facilities, including our Mobile Refinery, losses of equipment or use of such facilities may have a material adverse effect on our operations, cash flows or assets. The Company believes that it maintains adequate insurance coverage.~~ Unanticipated problems or delays, or increases in costs, in connection with the ongoing capital project at the Mobile Refinery may harm our business and viability. We are in the process of completing **phase 2 of** a ~~$ 110- 115 million~~ capital project designed to modify the Mobile Refinery' s hydrocracking unit to produce renewable diesel fuel on a standalone basis (the " Conversion ") ~~, which is expected to be completed within the first half of 2023~~ . The occurrence of significant unforeseen conditions or events in connection with the Conversion may make the Conversion more expensive, prevent us from completing the Conversion, delay the completion of the Conversion or require us to reexamine our business model. Any change to our business model or management' s evaluation of the viability of the Conversion or timing associated therewith may adversely affect our business. Construction costs for the Conversion may also increase to a level that would make such Conversion too expensive to complete or unprofitable to operate, due to increases in material, labor, inflation or otherwise. Contractors, engineering firms, construction firms and equipment suppliers also receive requests and orders from other companies and, therefore, we may not be able to secure their services or products on a timely basis or on acceptable financial terms. We may suffer significant delays or cost overruns as a result of a variety of factors, such as increases in the prices of raw materials, shortages of workers or materials, transportation constraints, adverse weather, equipment failures, fires, damage to or destruction of property and equipment, environmental damage, unforeseen difficulties or labor issues, or issues associated with planned capital projects, including cost overruns and unforeseen delays, and have already delayed the completion of the project once due to supply constraints, any of which could prevent us from timely completing the Conversion. The fees charged to customers under our agreements with them may not escalate sufficiently to cover increases in costs and the agreements may be suspended in some circumstances, which would affect our profitability. Under our agreements with our customers, we may be unable to increase the fees that we charge our customers at a rate sufficient to offset any increases in our costs, including as a result of increased inflation. Additionally, some customers' obligations under their agreements with us may be permanently or temporarily reduced upon the occurrence of certain events, some of which are beyond our control, including force majeure events. Force majeure events may include (but are not limited to) events such as revolutions, wars, acts of enemies, embargoes, import or export restrictions, strikes, lockouts, fires, storms, floods, acts of God, explosions, mechanical or physical failures of our equipment or facilities of our customers. If the escalation of fees is insufficient to cover increased costs or if any customer suspends or terminates its contracts with us, our profitability could be materially and adversely affected. Improvements in or new discoveries of alternative energy technologies and / or government mandated use of such technologies and / or government restrictions or quotas on the use of oil and gas, could have a material adverse effect on our financial condition and results of operations. Because our business depends on the demand for oil and used oil, any improvement in or new discoveries of alternative energy technologies (such as wind, solar, geothermal, fuel cells and biofuels and / or increases in battery technology or capacity), government mandated use of such technologies and / or government restrictions or quotas on the use of oil and gas that increase the use of alternative forms of energy and / or reduce the demand or market for oil, used oil and oil and used oil related products could have a material adverse impact on our business, financial condition and results of operations. In addition to the above, we may be exposed to risks related to laws passed by governments or regulations incentivizing or mandating the use of alternative energy sources, such as wind power and solar energy, and / or phasing out the use of traditional hydrocarbon energy sources, which may reduce demand for oil and natural gas. For example, California has passed a law which requires the state to adopt regulations around gas- powered tools by July 1, 2022, and ban their sale by the start of 2024, if such ban is determined feasible, and has further adopted a law to ban gas car sales by 2035. Such laws, regulations, treaties or international agreements could result in increased compliance costs or additional operating restrictions, which may have a negative impact on our business, and could adversely affect our operations by limiting opportunities. Our business is subject to operational and safety risks, including the risk of personal injury to employees and others. Our operations involve risks such as truck accidents, equipment defects, malfunctions and failures. Additionally, our operations are subject to risk associated with releases of oil and other materials. Operation of our facilities involves additional risks of fire and explosion. Any of these risks could potentially result in injury or death of employees and others, a need to shut down or reduce operation of facilities, increased operating expense and exposure to liability for pollution and other environmental damage, and property damage or destruction. While we seek to minimize our exposure to such risks through comprehensive training, compliance and response and recovery programs, as well as vehicle and equipment maintenance programs, if we were to incur substantial liabilities in excess of any applicable insurance, our business, results of operations and financial condition could be adversely affected. Any such incidents could also tarnish our reputation and reduce the value of our brand. Additionally, a major operational failure, even if suffered by a competitor, may bring enhanced scrutiny and regulation of our industry, with a corresponding increase in operating expense. We may be subject to citizen opposition and negative publicity due to public concerns over our operations and planned future operations, which could have a material adverse effect on our business, financial condition or results of operations. There currently exists a high level of public concern over hazardous waste and refining and re- refining operations, including with respect to the location and operation of transfer, processing, storage and disposal facilities. Part of our business strategy is to increase our re- refining capacity through the construction of new facilities in growth markets. Zoning, permit and licensing applications and proceedings, as well as regulatory enforcement proceedings, are all matters open to public scrutiny and comment. Accordingly, from time to time we may be subject to citizen opposition and publicity which may damage our reputation and delay or limit the planned expansion and development of future facilities or operations or impair our ability to renew existing permits, any of which could prevent us from implementing our growth strategy and have a material adverse effect on our business, financial condition or results of operations. We depend heavily on the services of our senior management, including our Chief Executive Officer and Chairman, Benjamin P. Cowart , and our Chief Operating Officer, James Rhame. Our success depends heavily upon the personal efforts and abilities of our senior management, including Benjamin P. Cowart, our Chief Executive Officer and Chairman, who is employed by us pursuant to an employment contract which continues in effect until December 12, 2025, provided that the agreement automatically extends for additional one- year terms thereafter in the event neither party provides the other at least 60 days prior notice of their intention not to renew the terms of the agreement , and our Chief Operating Officer, James Rhame, who is employed by us pursuant to an employment contract which continues until the earlier of (a) April 30, 2024, or (b) completion of the phase 2 renewable diesel project at the Company' s Mobile, Alabama refinery. The loss of Mr. Cowart, Mr. Rhame or other key employees could have a material adverse effect on our business, results of operations or financial condition. In addition, the absence of Mr. Cowart or Mr. Rhame may force us to seek a replacement who may have less experience or who may not understand our business as well, or we may not be able to find a suitable replacement. Unanticipated problems or delays in building our facilities to the proper specifications may harm our business and viability. Our future growth will depend on our ability to timely and economically complete and operate our re- refining facilities and operate our existing refining operations and facilities, and complete planned acquisitions and capital projects. If our operations are disrupted or our economic integrity is threatened for unexpected reasons, our business may experience a substantial setback. Moreover, the occurrence of significant unforeseen conditions or events in connection with the construction of our planned facilities may require us to reexamine our business model. Any change to our business model or management' s evaluation of the viability of our planned services may adversely affect our business. Construction costs for our future facilities may also increase to a level that would make a new facility too expensive to complete or unprofitable to operate. Contractors, engineering firms, construction firms and equipment suppliers also receive requests and orders from other companies and, therefore, we may not be able to secure their services or products on a timely basis or on acceptable financial terms. We may suffer significant delays or cost overruns as a result of a variety of factors, such as increases in the prices of raw materials, shortages of workers or materials, transportation constraints, adverse weather, equipment failures, fires, damage to or destruction of property and equipment, environmental damage, unforeseen difficulties or labor issues, or issues associated with planned capital projects, including cost overruns and unforeseen delays, any of which could prevent us from beginning or completing construction or capital projects, or commencing operations at future re- refining facilities or other facilities, including the Mobile Refinery. Strategic relationships on which we rely are subject to change. Our ability to identify and enter into commercial arrangements with feedstock suppliers and refined and re- refined oil clients depends on developing and maintaining close working relationships with industry participants. Our success in this area also depends on our ability to select and evaluate suitable projects as well as to consummate transactions in a highly competitive environment. These factors are subject to change and may impair our ability to grow. Disruptions to infrastructure at our and our partner' s facilities could materially and adversely affect our business. Our business depends on the continuing availability of road, railroad, port, storage and distribution infrastructure and our re- refining facilities. Any disruptions in this infrastructure network or such facilities, whether caused by labor difficulties, earthquakes, storms, other natural disasters, human error or malfeasance or other reasons, could have a material adverse effect on our business. We rely on third parties to maintain the rail lines from our plants to the national rail network, and any failure by these third parties to maintain the lines could impede the delivery of products, impose additional costs and could have a material adverse effect on our business, results of operations and financial condition ~~. For example, previous damage to our terminal facility located at Cedar Marine Terminal in Baytown, Texas as a result of Hurricane Ike in 2008 (which caused the terminal to temporarily be out of operation) resulted in increased costs associated with the shipping of feedstock through third- party contractors, thereby raising the overall cost of the feedstock and lowering our margins. Additionally, on October 7, 2020, we had a fire at our Marrero refinery which took the facility offline for repairs for about two weeks. The refinery suffered some minor structural damage along with piping, valves and instrumentation in the immediate area of the fire, the largest impact was the damage to the electrical conduit that feeds the power to the refinery equipment. On October 26, 2020, the facility was back up and running. Additionally, during August 2021, Hurricane Ida made landfall in southeast Louisiana, approximately 30 miles directly south and west of the Myrtle Grove facility, which resulted in the entire 42 acre Myrtle Grove site to be covered with 4- 6 feet of storm surge and thus damages of assets and equipment. The Company reviewed the inspection report and related information from insurance companies and a third party engineer, and determined that there is no 100 % certainty around the recoverability of some Construction- In- Progress assets such as fire heaters and pumps and instrumentation. The Company recorded $ 2. 1 million of loss on assets impairment on the Consolidated Statements of Operations in the fourth quarter of 2021, of which the entire amount was related to our Black Oil segment. Additional hurricanes, storms, floods, fires or natural disasters in the future could cause similar damage to our infrastructure, prevent us from generating revenues while such infrastructure is undergoing repair (if repairable) and / or cause our margins and therefore our results of operations to be adversely affected~~ . Any prolonged period during which the facilities we operate or acquire are non- operational or operational on a limited basis due to the decision to refurbish or upgrade such facilities, due to accidents or events which occur at such facilities, including, but not limited to fires, floods or other acts of God, or any other reason, including problems with the facilities, could adversely affect our revenues and results of operations. Negative publicity may harm our operations and we may face additional expenses due to such negative publicity. Only a relatively small number of entities operate in our industry including competitors, feedstock suppliers, refining and re- refining operators, purchasers of our products and transportation companies. If issues arise with our products or third parties (including entities which operate in our industry) allege issues with our products, even if no issues with such products exist, such negative publicity may force us to change service providers, undertake certain transportation activities ourselves, at higher costs than third parties would charge, or cause certain of our buyers, sellers or service providers to cease working with us. The result of such actions may result in our expenses increasing, a decrease in our ability to purchase feedstock, or our ability to sell or transport our resulting products, which could cause our revenues to decrease and / or expenses to increase, which could cause a material adverse effect on our results of operations. Our commercial success will depend in part on our ability to obtain and maintain protection of our intellectual property. Our success will depend in part on our ability to maintain or obtain and enforce patent rights and other intellectual property protection for our technologies, to preserve our trade secrets, and to operate without infringing upon the proprietary rights of third parties. We currently have five registered patents in the United States (none, internationally), and one pending patent application. If we file additional patent applications for our technologies in the future, such patents may not be granted and the scope of any claims granted in any patent may not provide us with proprietary protection or a competitive advantage. Furthermore, our current patents, or future patents, if granted, may not be valid and may not afford us with protection against competitors with similar technology. The failure to obtain or maintain patents or other intellectual property protection on the technologies underlying our technologies may have a material adverse effect on our competitive position and business prospects. It is also possible that our technologies may infringe on patents or other intellectual property rights owned by others. We may have to alter our products or processes, pay licensing fees, defend an infringement action or challenge the validity of the patents in court, or cease activities altogether because of patent rights of third parties, thereby causing additional unexpected costs and delays to it. A license may not be available to us, if at all, upon terms and conditions acceptable to us and we may not prevail in any intellectual property litigation. Intellectual property litigation is costly and time consuming, and we may not have sufficient resources to pursue such litigation. If we do not obtain a license under such intellectual property rights, are found liable for infringement or are not able to have such patents declared invalid, we may be liable for significant money damages and may encounter significant delays in bringing products to market. Competition may impair our success. New technologies may be developed by others that could compete with our refining and re- refining technologies. In addition, we face competition from other producers of oil substitutes and related products. Such competition is expected to be intense and could significantly drive down the price for our products. Competition will likely increase as prices of energy in the commodities market, including refined and re- refined oil, rise. Additionally, new companies are constantly entering the market, thus increasing the competition even further. These companies may have greater success in the recruitment and retention of qualified employees, as well as in conducting their own refining and re- refining operations, and may have greater access to feedstock, market presence, economies of scale, financial resources and engineering, technical and marketing capabilities, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests. If we are unable to compete effectively or adequately respond to competitive pressures, this may materially adversely affect our results of operations and financial condition and could also have a negative impact on our ability to obtain additional capital from investors. Potential competition from our existing executive officers, after they leave their employment with us, and subject to the non- compete terms of their employment agreements, could negatively impact our profitability. Although our Chief Executive Officer, Benjamin P. Cowart, our Chief Financial Officer, Chris Carlson, our Chief Strategy Officer, Alvaro Ruiz ~~and~~ **,** our Chief Operating Officer, James Rhame **, and Douglas S. Haugh, our Chief Commercial Officer** , are generally prohibited from competing with us while they are employed with us and for twelve months thereafter (subject to the terms of, and exceptions set forth in, their employment agreements with the Company), including Mr. Rhame' s agreement, which does not provide for a non- compete period unless the parties negotiate a new agreement before the expiration of his current agreement **, which terminates on April 30, 2024, or sooner upon completion of the phase 2 renewable diesel project at the Company' s Mobile, Alabama refinery**), none of such individuals will be prohibited from competing with us after such twelve- month period (or such shorter period as set forth in the employment agreement) ends. Additionally, the Federal Trade Commission recently proposed a new rule that, if it becomes effective, would ban employers from imposing non- competes on their workers, which if effective could prohibit the Company from enforcing, or invalidate, the non- competes in our executive' s and in certain other employee' s, employment agreements. **Finally, various states have recently enacted rules banning non- competes, including California.** Accordingly, any of these individuals could be in a position to use industry experience gained while working with us to compete with us. Such competition could increase our costs to obtain feedstock, and increase our costs for contracting use of operating assets and services such as third- party refining capacity, trucking services or terminal access. Furthermore, such competition could distract or confuse customers, reduce the value of our intellectual property and trade secrets, or result in a reduction in the prices we are able to obtain for our finished products. Any of the foregoing could reduce our future revenues, earnings or growth prospects. Certain of our material agreements have been negotiated and drafted by a legal firm of which our former director and current General Counsel and Secretary is a partner, which could create conflicts of interest and / or limit our ability to seek damages for legal claims. From time to time, the Company consults Ruddy Gregory, PLLC., a related party law firm of which James Gregory, a former member of the Board of Directors and the current General Counsel and Secretary of the Company, serves as a partner. During ~~the~~ years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , we paid $ **746 thousand, $** 607 thousand, **and** $ 742 thousand, ~~and $ 63 thousand~~ respectively, to such law firm for services rendered, which included the review and the drafting of documentation in connection with the Mobile Refinery purchase agreement. The engagement of the related party law firm may cause actual or perceived conflicts of interest, and / or may limit our ability to seek damages for legal claims against such law firm. Additionally, because Mr. Gregory is due indemnification rights from the Company pursuant to our governing documents and an indemnification agreement entered into between Mr. Gregory and the Company, the Company may under certain circumstances be required to indemnify Mr. Gregory against claims relating to legal services provided by his affiliated entity. Competition due to advances in renewable fuels may lessen the demand for our products and negatively impact our profitability. Alternatives to petroleum- based products and production methods are continually under development. For example, a number of automotive, industrial and power generation manufacturers are developing alternative clean power systems using fuel cells or clean- burning gaseous fuels that may address increasing worldwide energy costs, the long- term availability of petroleum reserves and environmental concerns, which if successful could lower the demand for our services. If these non- petroleum- based products and oil alternatives continue to expand and gain broad acceptance such that the overall demand for our petroleum- based products is reduced, we may not be able to compete effectively in the marketplace. Our ~~operations would be significantly negatively affected if we are unable to use our facilities in the future. If we were not able to use any one or more of our facilities moving forward, our ability to generate revenue and compete in the marketplace would be significantly negatively affected. If we are unable to use our facilities for any reason, we will not be able to effectively generate revenue or compete with additional technologies brought to market by our competitors, the volume of our finished products would decline and our finished products could be worth less, and if our competitors are willing to pay more for feedstock than we are, they could drive up prices, which would cause our revenues to decrease, and cause our cost of sales to increase, respectively. Additionally, if we are forced to pay more for feedstock, our cash flows will be negatively impacted and our margins will decrease. Our~~ business is subject to local, legal, political, and economic factors which are beyond our control. We believe that the current political environment for refining and re- refining facilities is sufficiently supportive to enable us to continue to operate our facilities and in the future plan and implement the construction of additional facilities; however, there are risks that conditions will change in an adverse manner. These risks include, but are not limited to, environmental issues, land use, air emissions, water use, zoning, workplace safety, restrictions imposed on the re- refining and refining industry such as restrictions on production, substantial changes in product quality standards, restrictions on feedstock supply, price controls and export controls. Any changes in financial incentives, investment regulations, policies or a shift in political attitudes are beyond our control and may adversely affect our business, plans for future facilities, and future financial results. Additionally, the U. S. Departments of Transportation, Coast Guard and Homeland Security and various federal, state, local and foreign agencies exercise broad powers over our transportation operations, generally governing such activities as authorization to engage in motor carrier operations, safety and permits to conduct transportation business. We may also become subject to new or more restrictive regulations that the Departments of Transportation and Homeland Security, the Occupational Safety and Health Administration, the Environmental Protection Agency or other authorities impose, including regulations relating to engine exhaust emissions, the hours of service that our drivers may provide in any one- time period, security and other matters. Compliance with these regulations could increase our costs and adversely affect our results of operations. Our business may be harmed by anti- terrorism measures. Due to ongoing increased concerns regarding future terrorist attacks and illegal immigration, federal, state and municipal authorities, from time to time, implement various security measures, including checkpoints and travel restrictions on large trucks. Although many companies are adversely affected by slowdowns in the availability of freight transportation, the negative impact could affect our business disproportionately. For example, if the security measures disrupt or impede the timing of our deliveries of feedstock, we may not have sufficient feedstock to run our re- refining processes at full capacity, or may incur increased expenses to do so. These measures may significantly increase our costs and reduce our operating margins and income. Our business is geographically concentrated and is therefore subject to regional economic downturns. Our operations and customers are concentrated principally in the Gulf Coast. Therefore, our business, financial condition and results of operations are susceptible to regional economic downturns and other regional factors, including state regulations and budget constraints and severe weather conditions. In addition, as we seek to expand in our existing markets, opportunities for growth within this region may become more limited and the geographic concentration of our business may increase. Our insurance policies do not cover all losses, costs or liabilities that we may experience and if we cannot maintain adequate insurance coverage, we will be unable to continue certain operations. Our business exposes us to various risks, including claims for causing damage to property and injuries to persons that may involve allegations of negligence or professional errors or omissions in the performance of our services. Such claims could be substantial. We believe that our insurance coverage is presently adequate and similar to, or greater than, the coverage maintained by other similarly situated companies in the industry. If we are unable to obtain adequate or required insurance coverage in the future, or if such insurance is not available at affordable rates, we could be in violation of our permit conditions and other requirements of the environmental laws, rules and regulations under which we operate. Such violations could render us unable to continue certain of our operations. These events could result in an inability to operate certain assets and significantly impair our financial condition. Notwithstanding the above, our policies do not cover all of our potential losses, costs or liabilities. We could suffer losses for uninsurable or uninsured risks, or in amounts in excess of our existing insurance coverage, which would significantly affect our financial performance. Our insurance policies also have deductibles and self- retention limits that could expose us to significant financial expense. Our ability to obtain and maintain adequate insurance may be affected by conditions in the insurance market over which we have no control. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on our business, financial condition and results of operations. In addition, our business requires that we maintain various types of insurance. If such insurance is not available or not available on economically acceptable terms, our business would be materially and adversely affected. Claims above our insurance limits, or significant increases in our insurance premiums, may reduce our profitability. We currently employ approximately 95 full- time drivers. From time to time, some of these employee drivers are involved in automobile accidents. We currently carry liability insurance of $ 1, 000, 000 for our drivers, subject to applicable deductibles, and carry umbrella coverage up to $ 25, 000, 000. We currently employ over ~~500~~ **450** employees. Claims against us may exceed the amounts of available insurance coverage. If we were to experience a material increase in the frequency or severity of accidents, liability claims or workers' compensation claims or unfavorable resolutions of claims, our operating results could be materially affected. Litigation related to personal injury from the operation of our business may result in significant liabilities and limit our profitability. The hazards and risks associated with the transport, storage, and handling, treatment and disposal of used oil and other hydrocarbon products (such as fires, spills, explosions and accidents) may expose us to personal injury claims, property damage claims and / or products liability claims from our employees, customers or third parties. As protection against such claims and operating hazards, we maintain insurance coverage against some, but not all, potential losses. However, we may sustain losses for uninsurable or uninsured risks, or in amounts in excess of existing insurance coverage. Due to the unpredictable nature of personal injury litigation, it is not possible to predict the ultimate outcome of any future claims or lawsuits, and we may be held liable for significant personal injury or damage to property or third parties, or other losses, that are not fully covered by our insurance, which could have a material adverse effect on our financial condition, results of operations and cash flows. Our hedging activities have in the past and may in the future prevent us from benefiting fully from increases in oil prices and may expose us to other risks, including counterparty risk. We use derivative instruments to hedge the impact of fluctuations in oil and other prices on our results of operations and cash flows and are also required to use such hedges pursuant to the terms of the Loan and Security Agreement. We have in the past, and to the extent that we engage in hedging activities to protect ourselves against commodity price declines in the future, we may be prevented from fully realizing the benefits of increases in oil prices above the prices established by our hedging contracts and / or may result in us paying more for oil feedstocks then we receive upon the sale of finished products as we hedge finished product sales and not feedstock purchases. For the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , we recognized ~~an~~ **a $ 2. 9 million gain,** $ 88. 0 million loss, **and** $ 2. 3 million loss ~~and $ 3. 5 million gain~~ , respectively, on commodity derivative contracts on the consolidated statements of operations as part of our costs of revenues. Our hedging activities have in the past and may in the future expose us to the risk of financial loss in certain circumstances, including instances in which the counterparties to our hedging contracts fail to perform under the contracts. Finally, we are subject to risks associated with the adoption of derivatives legislation and regulations related to derivative contracts which if adopted, could have an adverse impact on our ability to hedge risks associated with our business. If regulations adopted in the future require that we post margin for our hedging activities or require our counterparties to hold margin or maintain capital levels, the cost of which could be passed through to us, or impose other requirements that are more burdensome than current regulations, hedging transactions in the future would become more expensive than we experienced in the past. Our hedges have in the past and may in the future result in significant losses and reduce the amount of revenue we would otherwise obtain upon the sale of finished products and may also increase our margins and decrease our net revenues. We depend on certain third- party pipelines for transportation of feedstocks and products, and if these pipelines become unavailable to us, our revenues and cash available for payment of our debt obligations could decline. Our Mobile Refinery is interconnected to a pipeline that supplies a portion of its crude oil feedstock. Since we do not own or operate this pipeline, its continuing operation is not within our control. The unavailability of any third- party pipelines for the transportation of crude oil or finished products, because of acts of God, accidents, earthquakes or hurricanes, government regulation, terrorism or other third- party events, could lead to disputes or litigation with certain of our suppliers or a decline in our sales, net income and cash available for payments of our debt obligations. ~~We make capital expenditures in our facilities to maintain their reliability and efficiency. If we are unable to complete capital projects at their expected costs and / or in a timely manner, or if the market conditions assumed in our projected economics deteriorate, results of operations or cash flows could be adversely affected. 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, results of operations or our ability to make payments on our debt obligations. 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; • changes in government regulations, including environmental and safety regulations; • 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; • nonperformance or declarations of force majeure by, or disputes with, our vendors, suppliers, contractors or sub- contractors. Equipment, even if properly maintained, may require significant capital expenditures and expenses to keep it operating at optimum efficiency. Any one or more of these occurrences noted above could have a significant impact on our business or subject us to significant cost overruns. If we were unable to make up the delays or to recover the related costs, or if market conditions change, we may not realize the anticipated benefits of our capital projects and it could materially and adversely affect our financial position, results of operations or cash flows and, as a result, our ability to make payments of our debt obligations.~~ From time to time, we may seek to divest portions of our business, which could materially affect our results of operations and result in disruption to other parts of the business. We may dispose of portions of our current business or assets (similar to our recently disposed of Heartland Assets and Operations), based on a variety of factors and strategic considerations, consistent with our strategy of preserving liquidity and streamlining our business to better focus on the advancement of our core business. We expect that any potential divestitures of assets will also provide us with cash to reinvest in our business and repay indebtedness. These dispositions, together with any other future dispositions we make, may involve risks and uncertainties, including disruption to other parts of our business, potential loss of employees, customers or revenue, exposure to unanticipated liabilities or result in ongoing obligations and liabilities to us following any such divestiture. In addition, any such divestitures may not yield the targeted improvements in our business. Any of the foregoing could adversely affect our financial condition and results of operations or cash flows and, as a result, our ability to make payments of our debt obligations. The litigation environment in which we operate poses a significant risk to our businesses. We ~~may be~~ **have been** involved from time to time in the ordinary course of business in lawsuits involving employment, commercial, and environmental issues, other claims for injuries and damages, and shareholder and class action litigation, among other matters. We may experience negative outcomes in such lawsuits in the future. Any such negative outcomes could have a material adverse effect on our business, liquidity, financial condition and results of operations. We evaluate litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and to estimate, if possible, the amount of potential losses. Based on these assessments and estimates, we establish reserves and disclose the relevant litigation claims or legal proceedings, as appropriate. These assessments and estimates are based on the information available to management at the time and involve a significant amount of judgment. Actual outcomes or losses may differ materially from such assessments and estimates. The settlement or resolution of such claims or proceedings may have a material adverse effect on our results of operations. In addition, judges and juries in certain jurisdictions in which we conduct business have demonstrated a willingness to grant large verdicts, including punitive damages, to plaintiffs in personal injury, property damage and other tort cases. We use appropriate means to contest litigation threatened or filed against us, but the litigation environment in these areas poses a significant business risk to us and could cause a significant diversion of management resources and could have a material adverse effect on our financial condition, results of operations and cash flows. The Company' s information technology systems could suffer interruptions, failures or breaches and our business operations could be disrupted **,** adversely effecting results of operations and the Company' s reputation. The Company' s information technology systems, some of which are dependent on services provided by third parties, serve an important role in the operation of our business. These systems could be damaged or cease to function properly due to any number of causes, such as catastrophic events, power outages, security breaches, computer viruses or cyber- based attacks. The Company has been, and likely will continue to be, subject to computer hacking, acts of vandalism or theft, malware, computer viruses or other malicious codes, phishing, employee error or malfeasance, catastrophes, unforeseen events or other cyber- attacks. To date, the Company has seen no material impact on our business or operations from these attacks or events. Any future significant compromise or breach of data security, whether external or internal, or misuse of customer, associate, supplier or Company data, could result in significant costs, lost sales, fines, lawsuits, and damage to the Company' s reputation. However, the ever- evolving threats mean the Company and its third- party service providers and vendors must continually evaluate and adapt respective systems and processes and overall security environment, as well as those of any companies acquired. There is no guarantee that these measures will be adequate to safeguard against all data security breaches, system compromises or misuses of data. In addition, as the regulatory environment related to information security, data collection and use, and privacy becomes increasingly rigorous, with new and constantly changing requirements applicable to the Company' s business, compliance with those requirements could also result in additional costs. We operate our business through many locations, and if we are unable to effectively oversee all of these locations, our business reputation and operating results could be materially adversely affected. Because we operate through various different facilities located throughout the United States, we are subject to risks related to our ability to oversee these locations. If in the future we are unable to effectively oversee our locations, our results of operations could be materially adversely affected, we could fail to comply with environmental regulations, we could lose customers, we could lose control of inventory and other assets, and our business could be materially adversely affected. Increases in energy costs will affect our operating results and financial condition. Our production costs will be dependent on the costs of the energy sources used to run our facilities and to procure feedstock. These costs are subject to fluctuations and variations, and we may not be able to predict or control these costs. If these costs exceed our expectations, this may adversely affect our results of operations. Fluctuations in fuel costs could impact our operating expenses and results. We operate a fleet of transportation, collection and aggregation trucks to collect and transport re- refined oil products, among other things. The price and supply of fuel is unpredictable and fluctuates based on events beyond our control, including, among others, geopolitical developments, supply and demand for oil and gas, actions by the Organization of the Petroleum Exporting Countries (OPEC) and other oil and gas producers, war and unrest in oil producing countries and regional production patterns. We have also experienced increases in the cost of fuel over the last several years. Although in the past, we have been able to pass- through some of these costs to our customers, we may not be able to continue to do so in the future. A significant increase in our fuel or other transportation costs could lower our operating margins and negatively impact our profitability. Competitors that produce their own supply of feedstocks, have more extensive retail outlets, or have greater financial resources may have a competitive advantage. The refining and re- refining industries are highly competitive with respect to both feedstock supply and refined / re- refined product markets. We compete with many companies for available supplies of feedstocks and for outlets for our products. We do not produce any of our feedstocks. Some of our competitors, however, obtain a portion of their feedstocks from their own production and some have more extensive retail outlets than we have. Competitors that have their own production or extensive retail outlets (and greater brand- name recognition) are at times able to offset losses from their operations with profits from producing or retailing operations, and may be better positioned to withstand periods of depressed margins or feedstock shortages. Some of our competitors also have materially greater financial and other resources than we have. Such competitors have a greater ability to bear the economic risks inherent in all phases of our business. In addition, we compete with other industries that provide alternative means to satisfy the energy and fuel requirements of our industrial, commercial and individual customers. The Offtake Agreement with Idemitsu ~~remains subject to various conditions, the obligations of Idemitsu thereunder may not become effective,~~ may be terminated prior to the end of the initial term thereof, and we may face termination fees in connection therewith. On February 14, 2022, Vertex Refining entered into a Master Offtake Agreement dated February 4, 2022 with Idemitsu Apollo Renewable Corp. (" Idemitsu "). Pursuant to the Offtake Agreement, Vertex Refining agreed to sell Idemitsu renewable diesel which is ~~planned to be~~ produced by the Mobile Refinery ~~following the Conversion~~ . The ~~obligations~~ **initial term** of the **Master** ~~parties under the~~ Offtake Agreement ~~are subject to certain conditions precedent, including~~ **commenced on the date that the conversion was completed** (~~a~~ **March 31, 2023**) ~~the parties having entered into a mutually acceptable storage agreement for the storage of renewable diesel on or before the commencement of commercial operations of the refinery following the completion of the Conversion~~ (~~the~~ " COD ") ~~; (b) Idemitsu having delivered to Vertex Refining the Guaranty (discussed below) on or before COD; (c) absence of certain actions or proceedings to set aside, enjoin or prevent the performance by either party of its respective obligations under the agreement; (d) no project assets, related facilities or products having been affected adversely or threatened to be affected adversely by any material loss or damage, subject to certain exceptions; (e) the mutual representations and warranties of each party being true and correct; and (f) COD having occurred within eighteen months of the Company' s acquisition of the Mobile Refinery, which acquisition was completed effective April 1, 2022. If a party terminates the Offtake Agreement as a result of any of the conditions precedent required under the Offtake Agreement, as summarized above, not being satisfied, neither party has any further obligation under the Offtake Agreement to the other party, except that (i) Vertex Refining is responsible for payment to Idemitsu of a Termination Payment (defined below), in the event the Master Agreement is terminated due to the failure to satisfy or waive the condition that COD occur within eighteen months of the Company' s acquisition of the Mobile Refinery, and (ii) each party shall remain liable to the other party for any and all damages incurred as a result of a breach by a party of its representations, warranties or any other obligations prior to such termination. " Termination Payment " means the actual and documented storage costs incurred by Idemitsu to acquire or lease 300, 000 barrels of storage tanks for twelve (12) months. The Termination Payment is payable in monthly installments in an amount equal to the monthly storage costs incurred by Idemitsu. The initial term of the Offtake Agreement commences on COD~~ and continues for a period of five years thereafter, subject to certain early termination provisions set forth in the agreement, including, but not limited to, the right of either party to request a review of the terms of the agreement prior to the commencement of the 4th and 5th contract years of the agreement, which, if triggered, and if the parties fail to mutually agree in writing to any such requested revisions, will result in the agreement expiring three years or four years after COD, as applicable. The parties may mutually agree to extend the term of the agreement beyond the ~~Initial~~ **initial** ~~Term~~ **term** pursuant to the terms of the **Master** Offtake Agreement. The **Master** Offtake Agreement may be terminated pursuant to its terms, may be terminated prior to the end of its initial stated term, we may face termination fees in connection with such termination, and any of the above may cause a material adverse effect on our results of operations and financial condition and may cause the value of our common stock to decline in value. The costs of feedstocks and the prices at which we can ultimately sell our products depend on numerous factors beyond our control, including regional and global supply and demand, which are subject to, among other things, production levels, levels of refined petroleum product inventories, productivity and growth of economies, and governmental regulation. We do not produce crude oil and must purchase all of the crude oil we process. The prices for crude oil and refined petroleum products can fluctuate based on global, regional and local market conditions, as well as by type and class of products, which can **reduce margins and have a significant impact on our refining, wholesale marketing and retail operations, revenues, operating income and cash flows. Also, crude oil supply contracts generally have market- based pricing provisions. Changes in prices that occur between the time we purchase feedstocks or products and when we sell the refined petroleum products could have a significant effect on our financial results.** Risks Relating to Accounting and Internal Controls We incur significant costs as a result of operating as a fully reporting company in connection with Section 404 of the Sarbanes Oxley Act, and our management is required to devote substantial time to compliance initiatives. We incur significant legal, accounting and other expenses in connection with our status as a fully reporting public company. The Sarbanes- Oxley Act of 2002 (the " Sarbanes- Oxley Act ") and rules subsequently implemented by the SEC have imposed various requirements on public companies, including requiring changes in corporate governance practices. As such, our management and other personnel are required to devote a substantial amount of time to these compliance initiatives. Moreover, these rules and regulations increase our legal and financial compliance costs and make some activities more time consuming and costly. In addition, the Sarbanes- Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclosure of controls and procedures. Our testing has revealed deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses. Our compliance with Section 404 requires that we incur substantial accounting expense and expend significant management efforts. Moreover, if we are not able to comply with the requirements of Section 404 in a timely manner, or if we continue to identify deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses, the market price of our stock could decline, and we could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources. Our ability to use our net operating loss carry- forwards may be subject to limitation. Under Section 382 of the Internal Revenue Code of 1986, as amended, substantial changes in our ownership may limit the amount of net operating loss carry- forwards that could be utilized annually in the future to offset our taxable income. Specifically, this limitation may arise in the event of a cumulative change in ownership of our company of more than 50 % within a three- year period. Any such annual limitation may significantly reduce the utilization of our net operating loss carry-forwards before they expire. At December 31, ~~2022~~ **2023** , the net operating loss carry- forwards are approximately $ ~~81~~ **146** . ~~7~~ **0** million, after consideration of the results from a 382 study which was completed during 2021. Transactions that may occur in the future may trigger an ownership change pursuant to Section 382, and prior transactions may be deemed to have triggered an ownership change pursuant to Section 382, the result of which could limit the amount of net operating loss carryforwards that we can utilize annually to offset our taxable income, if any. Any such limitation could have a material adverse effect on our results of operations. Our inventory is subject to significant impairment charges in the event the prices of oil and gas fall sharply after such inventory is acquired. We did not have an inventory impairment charge for the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ . However, in the event, commodity prices fall sharply during any period requiring the Company to take a non- cash charge / adjustment to the value of our products in inventory taking into account the lower net realizable value for the products being held for sale, we may be required to take significant impairment charges, which could negatively affect our balance sheet, result in us not meeting certain debt ratios set forth in our credit and loan agreements, and negatively affect our cash flows. Future significant impairment charges and / or significant decreases in oil prices could have a material adverse effect on our balance sheet, debt covenants (including creating an event of default) and could further cause the value of our securities to decline in value. We have identified material weaknesses in our disclosure controls and procedures and internal control over financial reporting. If not remediated, our failure to establish and maintain effective disclosure controls and procedures and internal control over financial reporting could result in material misstatements in our financial statements and a failure to meet our reporting and financial obligations, each of which could have a material adverse effect on our financial condition and the trading price of our common stock. Maintaining effective internal control over financial reporting and effective disclosure controls and procedures are necessary for us to produce reliable financial statements. As reported under " Part II "- " Item 9A. Controls and Procedures ", as of December 31, ~~2022~~ **2023** , our CEO and CFO have determined that our disclosure controls and procedures were not effective, and such disclosure controls and procedures have not been deemed effective since approximately September 30, 2018. ~~Separately, management assessed the effectiveness of the Company' s internal control over financial reporting as of December 31, 2022 and determined that such internal control over financial reporting was not effective as a result of such assessment, and such internal control over financial reporting has not been deemed effective since approximately September 30, 2018.~~ A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company' s annual or interim financial statements will not be prevented or detected on a timely basis. A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. As of December 31, ~~2022~~ **2023** , the material weakness in our internal control over financial reporting related to the fact that the Company did not design and maintain effective controls over certain IT general controls for information systems that are relevant to the preparation of our financial statements. Specifically, we did not design and maintain controls to ensure appropriate segregation of duties, adequately restricted user access to certain financial applications and data to appropriate Company personnel, and monitoring of IT control activities. These IT deficiencies, when aggregated, could result in misstatements potentially impacting all financial statement accounts and disclosures that would not be prevented or detected. ~~Additionally, the Company did not maintain controls over the documentation relating to the accounting for revenue transactions, specifically procedures over the existence, completeness, and accuracy of data used to support accounts related to revenue and accounts receivable.~~ Maintaining effective disclosure controls and procedures and effective internal control over financial reporting are necessary for us to produce reliable financial statements and the Company is committed to remediating its material weaknesses in such controls as promptly as possible. However, there can be no assurance as to when these material weaknesses will be remediated or that additional material weaknesses will not arise in the future. Any failure to remediate the material weaknesses, or the development of new material weaknesses in our internal control over financial reporting, could result in material misstatements in our financial statements and cause us to fail to meet our reporting and financial obligations, which in turn could have a material adverse effect on our financial condition and the trading price of our common stock, and / or result in litigation against us or our management. In addition, even if we are successful in strengthening our controls and procedures, those controls and procedures may not be adequate to prevent or identify irregularities or facilitate the fair presentation of our financial statements or our periodic reports filed with the SEC. Risks Relating to Acquisitions **and Divestitures We may enter into joint ventures or sell all or portions of our facilities, assets or operations in the future. We may enter into joint ventures with third parties or sell all or portions of our facilities, assets or operations in the future. Additionally, we previously named BofA Securities, Inc. (" BofA ") as our strategic financial advisor to assist with the Company' s renewable fuels and sustainable products growth strategy. During this engagement, the Company expects to review various potential strategic transaction opportunities aimed at strengthening the balance sheet to support growth acceleration and asset development in line with the Company' s forward trajectory as an energy transition company. There can be no assurance that this process will result in any transaction. We have not set a timetable for the completion of this process and do not intend to comment further unless or until the Board of Directors has approved a definitive course of action, or it is determined that other disclosure is necessary or appropriate. Such transactions, including any potential transaction involving our renewable fuels assets, may result in us not obtaining the full benefit of any increases in the value, production, or intellectual property of such facilities, assets or operations which we enter into joint ventures in connection with or sell rights to in the future, may affect prior projections or estimates which take into account the full benefit of such facilities, assets or operations, may make it more difficult or delay our ability to respond to changing market conditions or to undertake capital projects associated with such facilities, assets or operations, may reduce our asset base, may have adverse accounting effects, and / or may have other foreseen and unforeseen effects on the Company. Any one or more of which may have an adverse effect on our revenues, results of operations or cash flows, and which could cause a decrease in the value of our securities.** Our strategy includes pursuing acquisitions, partnerships and joint ventures and our potential inability to successfully integrate newly- acquired companies or businesses, or successfully manage our partnerships and joint ventures may adversely affect our financial results. In the future, we may seek to grow our business by investing in new or existing facilities or technologies, making acquisitions (similar to our Mobile Refinery acquisition) or entering into partnerships and joint ventures. Acquisitions, partnerships, joint ventures or investments may require significant managerial attention, which may divert management from our other activities and may impair the operation of our existing businesses. Any future acquisitions of businesses or facilities could entail a number of additional risks, including: • the failure to successfully integrate the acquired businesses or facilities or new technology into our operations; • incurring significantly higher than anticipated capital expenditures and operating expenses; • disrupting our ongoing business; • dissipating our management resources; • failing to maintain uniform standards, controls and policies; • the inability to maintain key pre- acquisition business relationships; • loss of key personnel of the acquired business or facility; • incurring significant debt; • significant dilution to existing stockholders in the event that equity is provided as part of the consideration for the transaction (s); • exposure to unanticipated liabilities; and • the failure to realize efficiencies, synergies and cost savings. We may also assume liabilities and environmental liabilities as part of acquisitions. Although we will endeavor to accurately estimate and limit liabilities and environmental liabilities presented by the businesses or facilities to be acquired, some liabilities, including ones that may exist only because of the past operations of an acquired business or facility, may prove to be more difficult or costly to address than we estimate. It is also possible that government officials responsible for enforcing environmental laws may believe an environmental liability is more significant than we then estimate, or that we will fail to identify or fully appreciate an existing liability before we become legally responsible to address it. We may have no recourse, or only limited recourse, to the former owners of such properties in the event such liabilities are present. As a result, if a liability were asserted against us based upon ownership of an acquired property, we might be required to pay significant sums to settle it, which could adversely affect our financial results and cash flow. The consolidation of our operations with the operations of acquired companies, including the consolidation of systems, procedures, personnel and facilities, the relocation of staff, and the achievement of anticipated cost savings, economies of scale and other business efficiencies, presents significant challenges to our management, particularly if several acquisitions occur at the same time. Fully integrating an acquired company or business into our operations may take a significant amount of time. We may not be successful in overcoming these risks or any other problems encountered with acquisitions. To the extent we do not successfully avoid or overcome the risks or problems related to any acquisitions, our results of operations and financial condition could be adversely affected. Future acquisitions also could impact our financial position and capital needs, and could cause substantial fluctuations in our quarterly and yearly results of operations. Acquisitions could include significant goodwill and intangible assets, which may result in future impairment charges that would reduce our stated earnings or increase our stated losses. We may not successfully identify and complete acquisitions on favorable terms or achieve anticipated synergies relating to any acquisitions, and such acquisitions could result in unforeseen operating difficulties and expenditures and require significant management resources. We regularly review potential acquisitions of complementary businesses, services or products. However, we may be unable to identify suitable acquisition candidates in the future. Even if we identify appropriate acquisition candidates, we may be unable to complete or finance such acquisitions on favorable terms, if at all. In addition, the process of integrating an acquired business, service or product into our existing business and operations may result in unforeseen operating difficulties and expenditures. Integration of an acquired company also may require significant management resources that otherwise would be available for ongoing development of our business. Moreover, we may not realize the anticipated benefits of any acquisition or strategic alliance and such transactions may not generate anticipated financial results. Future acquisitions could also require us to incur debt, assume contingent liabilities or amortize expenses related to intangible assets, any of which could harm our business. Our ability to make acquisitions may be adversely impacted by our outstanding indebtedness and by the price of our stock. Our ability to make future business acquisitions, particularly those that would be financed solely or in part through cash from operations, may be curtailed due to our obligations to make payments of principal and interest on our outstanding indebtedness **, and covenants in such agreements** . We may not have sufficient capital resources, now or in the future, and may be unable to raise sufficient additional capital resources on terms satisfactory to us, if at all, in order to meet our capital requirements for such acquisitions. In addition, the terms of our indebtedness include covenants that directly restrict, or have the effect of restricting, our ability to make certain acquisitions while this indebtedness remains outstanding. To the extent that the amount of our outstanding indebtedness has a negative impact on our stock price, using our common stock as consideration will be less attractive for potential acquisition candidates. The future trading price of our common stock could limit our willingness to use our equity as consideration and the willingness of sellers to accept our shares and as a result could limit the size and scope of our acquisition program. If we are unable to pursue strategic acquisitions that would enhance our business or operations, the potential growth of our business and revenues may be adversely affected. Our acquisitions may expose us to unknown liabilities. Because we have acquired, and expect generally to acquire in the future, all the outstanding shares of certain of our acquisition targets, our investment in those companies is or will be subject to all of their liabilities other than their respective debts which we paid or will pay at the time of the acquisitions. If there are unknown liabilities or other obligations, our business could be materially affected. We may also experience issues relating to internal controls over financial reporting that could affect our ability to comply with the Sarbanes-Oxley Act, or that could affect our ability to comply with other applicable laws. Legal, Environmental, Governmental and Regulatory Risks We expect to continue to incur substantial capital expenditures and operating costs as a result of our compliance with existing and future environmental laws and regulations.Our business is subject to numerous laws and regulations relating to the protection of the environment.These laws and regulations continue to increase in both number and complexity and affect our operations with respect to,among other things:• The discharge of pollutants into the environment.• Emissions into the atmosphere,such as nitrogen oxides,sulfur dioxide and mercury emissions,and greenhouse gas (GHG) emissions,as they are,or may become,regulated.• The quantity of renewable fuels that must be blended into motor fuels.• The handling,use,storage,transportation,disposal and cleanup of hazardous materials and hazardous and nonhazardous wastes.• The dismantlement and abandonment of our facilities and restoration of our properties at the end of their useful lives.To the extent these expenditures,as with all costs,are not ultimately reflected in the prices of our products and services,our business,financial condition,results of operations and cash flows in future periods could be materially adversely affected. Currently pending or future litigation or governmental proceedings could result in material adverse consequences, including judgments or settlements. From time to time, we are involved in lawsuits, regulatory inquiries and may be involved in governmental and other legal proceedings arising out of the ordinary course of our business. For example, we are currently involved in ongoing lawsuits seeking damages relating to alleged noxious and harmful emissions from our facility located in Marrero, Louisiana ~~and~~ **;** ongoing issues in connection with Penthol LLC' s termination of ~~the~~ **a** June 2016 Sales and Marketing Agreement **; and a class action that was filed against us and certain of our senior executives alleging claims for violations of Section 10 (b) of the Exchange Act, and Rule 10b- 5 promulgated thereunder, and Section 20 (a) of the Exchange Act** . Each of these matters are described in greater detail under " Part II "- " Item 8. Financial Statements and Supplementary Data " in the Notes to Consolidated Financial Statements in " Note 4. Commitments and Contingencies ", under the heading " Litigation ". Many of these matters raise difficult and complicated factual and legal issues and are subject to uncertainties and complexities. **Regardless of the merit of particular claims, litigation can be expensive, time- consuming, disruptive to the Company' s operations and distracting to management. In recognition of these considerations, the Company may enter into agreements or other arrangements to settle litigation and resolve such challenges. There can be no assurance such agreements can be obtained on acceptable terms or that litigation will not occur. These agreements can also significantly increase the Company' s operating expenses. While the Company maintains insurance coverage for certain types of claims, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise.** The timing of the final resolutions to these matters (including pending matters) is often uncertain. **The** ~~Additionally, the~~ possible outcomes or resolutions to ~~these~~ **pending and future** matters could include adverse judgments or settlements, either of which could require substantial payments, adversely affecting our results of operations and liquidity. Continuing political and social concerns about the issues of climate change may result in changes to our business and significant expenditures, including litigation- related expenses. Increasing attention to global climate change has resulted in increased investor attention and an increased risk of public and private litigation, which could increase our costs or otherwise adversely affect our business. For example, shareholder activism has recently been increasing in our industry, and shareholders may attempt to effect changes to our business or governance, whether by shareholder proposals, public campaigns, proxy solicitations or otherwise. Additionally, cities, counties, and other governmental entities in several states in the U. S. have in the past filed lawsuits against energy companies. The lawsuits seek damages allegedly associated with climate change, and the plaintiffs are seeking unspecified damages and abatement under various tort theories. Similar lawsuits may be filed in other jurisdictions. We believe these lawsuits are an inappropriate vehicle to address the challenges associated with climate change and expect them to be vigorously defended against. However, the ultimate outcome and impact to us of any such litigation cannot be predicted with certainty, and we could incur substantial legal costs associated with defending similar lawsuits in the future. Additionally, any of these risks could result in unexpected costs, negative sentiments about our company, disruptions in our operations, increases to our operating expenses and reduced demand for our products, which in turn could have an adverse effect on our business, financial condition and results of operations. We are subject to numerous environmental and other laws and regulations and, to the extent we are found to be in violation of any such laws and regulations, or agree that we violated such laws and regulations **(as we have in the past)** , our business could be materially and adversely affected. We are subject to extensive federal, state, and local laws and regulations relating to the protection of the environment which, among other things: • regulate the collection, transportation, handling, processing and disposal of hazardous and non- hazardous wastes; • impose liability on persons involved in generating, handling, processing, transporting or disposing hazardous materials; • impose joint and several liability for remediation and clean- up of environmental contamination; • require us **to** prepare and maintain certain plans and guidelines; and • require financial assurance that funds will be available for the closure and post- closure care of sites where hazardous wastes are stored, processed or disposed. The breadth and complexity of all of these laws and regulations impacting us make consistent compliance extremely difficult and often result in increased operating and compliance costs, including requiring the implementation of new programs to promote compliance. Even with these programs, we and other companies in the industry are routinely faced with legal and administrative proceedings which can result in civil and criminal penalties, interruption of business operations, fines or other sanctions and require expenditures. Our operations involve the risks of fuel spillage or seepage, environmental damage and hazardous waste disposal, among others. If we are involved in a spill or other accident involving hazardous substances, or if we are found to be in violation of applicable environmental laws or regulations, it could significantly increase our cost of doing business. Additionally, under current law, we may be held liable for damage caused by conditions that existed before we acquired our assets and / or before we took control of our leased properties or if we arranged for the transportation, disposal or treatment of hazardous substances that cause environmental contamination. In the future, we may be subject to monetary fines, civil or criminal penalties, remediation, clean- up or stop orders, injunctions, orders to cease or suspend certain practices or denial of permits required to operate our facilities and conduct our operations. The outcome of any proceeding and associated costs and expenses could have a material adverse impact on our operations and financial condition. Our trucking operations are subject to a number of federal, state and local rules and regulations generally governing such activities as authorization to engage in motor carrier operations, safety compliance and reporting, contract compliance, insurance requirements, taxation and financial reporting. We could be subject to new or more restrictive regulations, such as regulations relating to engine emissions, drivers' hours of service, occupational safety and health, ergonomics or cargo security. Compliance with such regulations could substantially reduce equipment productivity, and the costs of compliance could increase our operating expenses. Environmental laws also govern the presence, maintenance and removal of asbestos- containing building materials, or ACBMs, and may impose fines and penalties for failure to comply with these requirements. Such laws require that owners or operators of buildings containing ACBM (and employers in such buildings) properly manage and maintain the asbestos, adequately notify or train those who may come into contact with asbestos, and undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building or plant. In addition, the presence of ACBM in our properties or plants may expose us to third- party liability (e. g., liability for personal injury associated with exposure to asbestos). We ~~may also be subject to claims from time to time that we have violated certain environmental laws and regulations. For example, during 2022, we entered into a Consent Agreement with the U. S. Environmental Protection Agency (EPA) to settle allegations that we failed to develop and implement a Spill Prevention Control & Countermeasure (SPCC) plan and / or a Facility Response Plan (FRP) for the Cedar Marine Terminal in violation of the Clean Water Act. Pursuant to the Consent Agreement, we agreed to pay $ 18, 600 to the EPA as a penalty in connection therewith and to enter into a Final Order with the EPA. Environmental laws and regulations are subject to change and may become increasingly stringent or relaxed. Interpretation or enforcement of existing laws and regulations, or the adoption of new laws and regulations, may require us to modify or curtail our operations or replace or upgrade our facilities or equipment at substantial costs which we may not be able to pass on to our customers. On the other hand, if new laws and regulations are less stringent, then our customers or competitors may be able to compete with us more effectively, without reliance on our services, which could decrease the need for our services and / or increase competition which could adversely affect our revenues and profitability, if any. Our failure to comply with existing laws and regulations could result in penalties, fines, or injunctions, any of which could have a material adverse effect on our reputation, results of operations, or cash flows, and could further subject us to additional claims or litigation which may be material. We~~ are required to obtain and maintain permits, licenses and approvals to conduct our operations in compliance with such laws and regulations. If we are unable to maintain our currently held permits, licenses and approvals, we may not be able to continue certain of our operations. If we are unable to obtain any additional permits, licenses and approvals which may be required as we expand our operations, we may be forced to curtail or abandon our current and / or future planned business operations. In addition, mandatory fuel standards have been adopted in many jurisdictions which can be costly to implement and maintain compliance. These and future changes to applicable standards or other more stringent requirements in the industries we serve could reduce our ability to procure feedstocks, reduce our margins, increase our operational expenses, increase fuel prices, require us to incur additional handling costs and / or require the expenditure of capital. To the extent these expenditures, as with all costs, are not ultimately reflected in the prices of our products or we are unable to adequately source compliant fuels, our business and result of operations would be adversely affected. Furthermore, future regulations may decrease demand for our products or force us to change the mix of products we offer **. We are subject to various federal, state, and local rules requiring us to control the release of pollutants into the environment, which may require us to incur material liabilities. Like other petroleum refiners, we are subject to numerous federal, state, and local environmental laws and regulations. These laws generally provide for control of pollutants released into the environment and require responsible parties to undertake remediation of hazardous waste disposal. These governmental entities may also propose or assess fines or require corrective actions for these asserted violations. As of December 31, 2023 and December 31, 2022, we have $ 1. 4 million recorded in accrued liabilities for anticipated environment clean- up costs. Future environmental clean- up costs, fines or other required corrective actions in the future may be material, and may have a material adverse effect on our cash flows, results of operations, and the value of our securities** . Environmental risks and regulations may adversely affect our business. All phases of designing, constructing, undertaking capital projects at, and operating our refining and re- refining plants present environmental risks and hazards. We are subject to environmental regulation implemented or imposed by a variety of federal, state and municipal laws and regulations as well as international conventions. Among other things, environmental legislation provides for restrictions and prohibitions on spills and discharges, as well as emissions of various substances produced in association with our operations. Legislation also requires that facility sites be operated, maintained, abandoned and reclaimed in such a way that would satisfy applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach could result in the imposition of fines and penalties, some of which could be material. Environmental legislation is evolving in a manner we expect may result in stricter standards and enforcement, larger fines and liability, as well as potentially increased capital expenditures and operating costs. The presence or discharge of pollutants in or into the air, soil or water may give rise to liabilities to governments and third parties and may require us to incur costs to remedy such presence or discharge. Environmental, health and safety laws, regulations and permit requirements, and the potential for further expanded laws, regulations and permit requirements may increase our costs or reduce demand for our products and thereby negatively affect our business. Environmental permits required for our operations are subject to periodic renewal and may be revoked or modified for cause or when new or revised environmental requirements are implemented. Changing and increasingly strict environmental requirements and the potential for further expanded regulation may increase our costs and can affect the manufacturing, handling, processing, distribution and use of our products. If so affected, our business and operations may be materially and adversely affected. In addition, changes in these requirements may cause us to incur substantial costs in upgrading or redesigning our facilities and processes, including our waste treatment, storage, disposal and other waste handling practices and equipment. For these reasons, we may need to make capital expenditures beyond those currently anticipated to comply with existing or future environmental or safety laws. The application of environmental, health and safety laws, regulations and permit requirements to our business may cause us to limit our production, significantly increase the costs of our operations and activities, reduce the market for our products or to otherwise adversely affect our financial condition, results of operations or prospects. We may incur significant environmental remediation costs and liabilities in the operation of our refineries, facilities, terminals and related facilities. The operation of our refineries, facilities, terminals, and related equipment and vehicles subject us to the risk of incurring significant environmental remediation costs and liabilities due to our handling of petroleum hydrocarbons and other products, because of air emissions and water discharges related to our operations and activities, and as a result of historical operations and waste disposal practices at our facilities or in connection with our activities, some of which may have been conducted by prior owners or operators. We could incur significant remedial costs in the cleanup of any petroleum hydrocarbons or wastes or hazardous substances or wastes that may have been released on, under or from the properties owned or operated by us. Some environmental laws may impose joint and several, strict liability for releases of petroleum hydrocarbons and wastes or hazardous substances or wastes, which means in some situations, we could be exposed to liability as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Private parties, including the owners of properties adjacent to our operations and facilities where our petroleum hydrocarbons or wastes or hazardous substances or wastes are taken for reclamation or disposal, may also have the right to pursue legal actions to enforce compliance as well as to seek damages for non- compliance with environmental laws and regulations or for personal injury or property damage. We may not be able to recover some or any of these costs from insurance or other sources of indemnity. To the extent that the costs associated with meeting any or all of these requirements are significant and not adequately secured or indemnified for, there could be a material adverse effect on our business, financial condition and results of operations or cash flows and, as result, our ability to make payments of our debt obligations. The nature of our operations exposes us, and the communities in which we work, to a wide range of health, safety, security and environment risks. The health, safety, security and environment (HSSE) risks to which we and the communities in which we work are potentially exposed cover a wide spectrum, given the wide geographical area and diversity of our operations. These risks include the effects of natural disasters (including weather events), earthquakes, social unrest, pandemic diseases, criminal actions by external parties, and safety lapses. If a major risk materializes, such as an explosion or hydrocarbon leak or spill, this could result in injuries, loss of life, environmental harm, disruption of business activities, loss or suspension of permits, or loss of our licenses to operate. Accordingly, this could have a material adverse effect on our earnings, cash flows and financial condition. Our operations are subject to extensive HSSE regulatory requirements that often change and are likely to become more stringent over time. We could incur significant extra costs in the future because of the need to comply with such requirements. We could also incur significant extra costs due to violations of or liabilities under laws and regulations that involve elements such as fines, penalties, clean- up costs and third- party claims. If HSSE risks materialize, they could have a material adverse effect on our earnings, cash flows and financial condition. The availability and cost of renewable identification numbers **, Low Carbon Fuel Standard (LCFS) credits, and other credits and / or changes in laws associated therewith, our current and future RINs liability and expected requirement that we purchase RINs in the future,** could have an adverse effect on our financial condition and results of operations. Pursuant to the Energy Policy Act of 2005, Congress established a Renewable Fuel Standard (" RFS ") program that requires annual volumes of renewable fuel be blended into domestic transportation fuel. A Renewable Identification Number (" RIN ") is assigned to each gallon of renewable fuel produced in, or imported into, the United States. **Market prices for RINs have been volatile, marked by periods of sharp increases. We cannot predict the future prices of RINs. Purchasing RINs at elevated prices could have a material impact on our results of operations and cash flows.** We are exposed to the volatility in the market price ~~of RINs. We cannot predict the future prices~~ of RINs. As a producer of transportation fuels from crude oil, our Refining and Marketing segment is required to blend biofuels into the products it produces or purchase RINs in the open market in lieu of blending to meet the mandates established by the EPA. The Refining and Market Segment is exposed to market risk related to volatility in the price of RINs needed to comply with the RFS that are not otherwise generated through blending of renewable fuels in our refining and marketing operations. To mitigate the impact of this risk on the Refining and Market Segment' s results of operations and cash flows, the Refining and Market Segment blends ethanol and biodiesel to the extent possible. We are exposed to market risks related to the volatility in the price of RINs required to comply with the Renewable Fuel Standard. To the degree we are unable to blend the required amount of biofuels to satisfy our renewable volume obligation (RVO) (the volume of renewable fuels we are obligated to sell, based on a percentage of our total fuel sales), we must purchase RINs on the open market, which is based on a percentage of domestic shipments of on- road fuels as established by the EPA. **As of December 31, 2023, our RIN liability and Benzene credit liability was $ 46. 7 million, which amount is required to be paid by March 31, 2025.** We **are currently not producing sufficient volumes of renewable fuels to satisfy this liability and we do not expect to produce**

sufficient volumes of renewable fuels to satisfy this liability in the near future, and expect to be required to purchase RINs in the open market in the future to satisfy such liability. Our RIN liability is currently decreasing based on current market prices. However, we cannot 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. Additionally, the status of EPA RFS exemptions may impact the price of RINs. EPAs policy on granting certain RFS exemptions has changed under the Biden administration, and some previously granted exemptions have been the subject of legal proceedings that may ultimately result in the reversal of past exemptions. The occurrence of any one or more of these events may increase our operating expenses or make it more difficult for us to operate. ~~•~~ ~~Emissions~~ **Existing laws or regulations could change and the minimum volumes of renewable fuels that must be blended with refined petroleum products may increase. Increases in the volume of renewable fuels that must be blended** into **our products could limit the production of the Mobile Refinery if sufficient numbers of RINs are not available for purchase or relief from this requirement is not obtained, which could have an adverse effect on our consolidated financial results. In addition to the Renewable Fuel Standards (“ RFS ”), we and our partners operate in multiple jurisdictions that have issued, or are considering issuing, similar low- carbon fuel regulations, policies, and standards. The RFS and similar U. S. state and international low- carbon fuel regulations, policies, and standards are extremely complex, often have different or conflicting requirements or methodologies, and are frequently evolving, requiring us to periodically update our systems and controls to maintain compliance and monitoring, which could require significant expenditures, and presents an increased risk of administrative error. Our low- carbon fuels businesses could be materially and adversely affected if (i)** ~~the~~ **these** ~~atmosphere~~ **regulations** , **policies, and standards are adversely changed, not enforced, or discontinued, (ii) the benefits therefrom are reduced, (iii) any of the products we produce are deemed not to qualify for compliance therewith, or (iv) we are unable to satisfy or maintain any approved pathways. Such changes could also negatively impact the economic assumptions and projections with respect to many of our low- carbon projects and could have a material adverse impact on the timing of completion, project returns, and other outcomes with respect to** such ~~as nitrogen oxides~~ **projects. The requirement that we satisfy future RINs liabilities** , **which** ~~sulfur dioxide and mercury emissions, and GHG emissions, as they~~ are **increasing on a monthly basis in the future** , **could have a material adverse effect on** ~~or~~ **our** ~~may become~~ **cash flows** , ~~regulated~~ **results of operations, could force us to borrow additional funding which may not be available on favorable terms, if at all, and / or could require us to sell off assets, which may have an adverse effect on the value of our securities** . Climate change legislation or regulations restricting emissions of greenhouse gases could result in increased operating and capital costs and reduced demand for our products. There are a significant number of scientific studies showing that emissions of greenhouse gases, or GHGs, such as carbon dioxide and methane, are linked to climate change. Climate change and the costs that may be associated with its impacts and the regulation of GHGs affect our business in many ways, including negatively impacting the costs of our operations, transportation costs, feedstock costs and demand for our products (due to changes in both costs and weather patterns). In recent years, the U. S. Congress has from time to time considered adopting new and expanded legislation to reduce emissions of GHGs and several states have already taken legal measures to reduce emissions of GHGs primarily through the planned development of GHG emission inventories and / or regional GHG cap and trade programs. Most of these cap- and- trade programs work by requiring major sources of emissions, such as electric power plants, or major producers of fuels, such as refineries and gas processing plants, to acquire and surrender emission allowances. The number of allowances available for purchase is generally reduced each year in an effort to achieve the overall GHG emission reduction goal. Depending on the scope of a particular program, we could be required to purchase and surrender allowances for GHG emissions resulting from our operations. Although most of the state- level initiatives have to date been focused on large sources of GHG emissions, such as electric power plants, it is possible that smaller sources such as our operations could become subject to GHG- related regulation. Depending on the particular program, we could be required to control emissions or to purchase and surrender allowances for GHG emissions resulting from our operations. Independent of Congress, the Environmental Protection Agency (EPA) has adopted regulations controlling GHG emissions under its existing Clean Air Act authority. For example, on December 15, 2009, the EPA officially published its findings that emissions of carbon dioxide, methane and other GHGs present an endangerment to human health and the environment because emissions of such gases are, according to the EPA, contributing to warming of the earth’ s atmosphere and other climatic changes. These findings by the EPA allow the agency to proceed with the adoption and implementation of regulations that would restrict emissions of greenhouse gases under existing provisions of the federal Clean Air Act. In 2009, the EPA adopted rules regarding regulation of GHG emissions from motor vehicles. In 2010, EPA also issued a final rule, known as the “ Tailoring Rule, ” that makes certain large stationary sources and modification projects subject to permitting requirements for greenhouse gas emissions under the Clean Air Act. In addition, on September 22, 2009, the EPA issued a final rule requiring the reporting of greenhouse gas emissions from specified large greenhouse gas emission sources in the U. S. beginning in 2011 for emissions occurring in 2010. Although it is not possible at this time to accurately estimate how potential future laws or regulations addressing greenhouse gas emissions would impact our business, any future federal laws or implementation of regulations that may be adopted to address greenhouse gas emissions could require us to incur increased operating costs and could adversely affect demand for our feedstocks and resulting products, and / or increase our transportation costs. The potential increase in the costs of our operations resulting from any legislation or regulation to restrict emissions of greenhouse gases could include new or increased costs to operate and maintain our facilities, install new emission controls on our facilities, acquire allowances to authorize our greenhouse gas emissions, pay any taxes related to our greenhouse gas emissions and administer and manage a greenhouse gas emissions program. While we may be able to include some or all of such increased costs in the rates charged for our products, such recovery of costs is uncertain. Moreover, incentives to conserve energy or use alternative energy sources could reduce demand for our products and / or lower the supply of our feedstocks. We cannot predict with any certainty at this time how these possibilities may affect our operations. Many scientists have concluded that increasing concentrations of GHGs in the Earth' s atmosphere may produce climate change that could have significant physical effects, such as increased frequency and severity of storms, droughts, and floods and other climatic events; if such effects were to occur, they could have an adverse effect on our operations. The adoption of regulations implementing recent financial reform legislation could impede our ability to manage business and financial risks by restricting our use of derivative instruments as hedges against fluctuating commodity prices. Title VII of the Dodd- Frank Wall Street Reform and Consumer Protection Act (the " Dodd- Frank Act ") establishes federal oversight and regulation of over- the- counter (" OTC ") derivatives and requires the SEC and the Commodity Futures Trading Commission (the " CFTC ") to enact further regulations affecting derivatives, including those we use to hedge our commodity exposure. Although the CFTC and the SEC have issued final regulations in certain areas, final rules in other areas and the scope of relevant definitions and / or exemptions still remain to be finalized. The above regulations and rules could increase the costs to us of entering into derivatives to hedge or mitigate our commodity price exposure. If we voluntarily or involuntarily reduce our use of derivative contracts as a result of the new requirements, we become more exposed to commodity price fluctuations, which could adversely affect our ability to conduct our operations and / or hedge against falling prices, the result of which may mean more extreme swings in our results of operations and ultimately a decline in the value of our securities. We could be subject to involuntary shutdowns or be required to pay significant monetary damages or remediation costs if we are found to be a responsible party for the improper handling or the release of hazardous substances. As a company engaged in the sale, handling, transportation, storage, recycling and disposal of materials that are or may be classified as hazardous by federal, state, provincial or other regulatory agencies, we face risks of liability for environmental contamination. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or " CERCLA " or Superfund, and similar state laws impose strict liability for clean- up costs on current or former owners and operators of facilities that release hazardous substances into the environment, as well as on the businesses that generate those substances or transport them. As a potentially responsible party, or " PRP, " we may be liable under CERCLA for substantial investigation and cleanup costs even if we operate our business properly and comply with applicable federal and state laws and regulations. Liability under CERCLA may be joint and several, which means that if we were found to be a business with responsibility for a particular CERCLA site, we could be required to pay the entire cost of the investigation and cleanup, even though we were not the party responsible for the release of the hazardous substance and even though other companies might also be liable. Even if we are able to identify who the other responsible parties might be, we may not be able to compel them to contribute to the remediation costs, or they might be insolvent or unable to contribute due to lack of financial resources. Our facilities, including the Mobile Refinery, and the facilities of our clients and third- party contractors may have generated, used, handled and / or disposed of hazardous substances and other regulated wastes. Environmental liabilities could exist, including cleanup obligations at these facilities or at off- site locations, which could result in future expenditures that cannot be currently quantified and which could materially reduce our profits. In addition, new services or products offered by us could expose us to further environmental liabilities for which we have no historical experience and cannot estimate our potential exposure to liabilities. Risks Related to Our Securities We currently have ~~a~~ **an extremely** volatile market for our common stock, and the market for our common stock is and may remain volatile in the future. We currently have ~~a~~ **an extremely** volatile market for our common stock, which market is anticipated to remain volatile in the future, and will likely be subject to wide fluctuations. These fluctuations are expected to be in response to several factors, including, but not limited to: • actual or anticipated variations in our results of operations; • plans for acquisitions, timing of planned projects and availability of funding; • our ability or inability to generate revenues; • the number of shares in our public float; • increased competition; and • conditions and trends in the market for oil refining and re- refining services, transportation services and oil feedstock. Our common stock is currently listed on The NASDAQ Capital Market. The trading range of our common stock over the past approximately 365 days prior to the filing date of this Report has fluctuated between $ ~~5~~ **11** . ~~42~~ **20** per share on ~~December 20~~ **March 6** , ~~2022~~ **2023** , and $ ~~18~~ **1** . ~~10~~ **28** per share on ~~June 7~~ **February 28** , ~~2022~~ **2024** . Our stock price may be impacted by factors that are unrelated or disproportionate to our operating performance. These market fluctuations, as well as general economic, political and market conditions, such as recessions, interest rates or international currency fluctuations may adversely affect the market price of our common stock. Stockholders and potential investors in our common stock should exercise caution before making an investment in us, and should not rely solely on the publicly quoted or traded stock prices in determining our common stock value, but should instead determine the value of our common stock based on the information contained in our public reports, industry information, and those business valuation methods commonly used to value private companies. Additionally, the market price of our common stock historically has fluctuated significantly based on, but not limited to, such factors as general stock market trends, announcements of developments related to our business, actual or anticipated variations in our operating results, our ability or inability to generate new revenues, and conditions and trends in the industries in which our customers are engaged. In recent years, the stock market in general has experienced extreme price fluctuations that have oftentimes been unrelated to the operating performance of the affected companies. Similarly, the market price of our common stock may fluctuate significantly based upon factors unrelated or disproportionate to our operating performance. These market fluctuations, as well as general economic, political and market conditions, such as recessions, interest rates or international currency fluctuations may adversely affect the market price of our common stock. Our outstanding options and convertible securities may adversely affect the trading price of our common stock. As of the date of the filing, we had (i) outstanding stock options to purchase an aggregate of ~~5~~ **3** . ~~1~~ **2** million shares of common stock at a weighted average exercise price of $ ~~1~~ **2** . ~~95~~ **46** per share; (ii) outstanding warrants to purchase ~~2~~ **3** . ~~6~~ **8** million shares of common stock at an exercise price of $ ~~4~~ **3** . **00** ~~50 per share and 0. 2 million shares of common stock at an exercise price of $ 9. 25~~ per share; and (iii) outstanding Convertible Senior Notes which may be converted into a maximum of ~~22~~ **3** . ~~2~~ **6** million shares of common stock, based on the initial maximum conversion rate of 233. 6449 shares of the Company' s common stock per $ 1, 000 principal amount of Convertible Senior Notes, which are subject to customary and other adjustments described in the Indenture governing the Convertible Senior Notes. For the life of the options and warrants, the holders have the opportunity to profit from a rise in the market price of our common stock without assuming the risk of ownership. The issuance of shares upon the exercise of outstanding securities will also dilute the ownership interests of our existing stockholders. The availability of these shares for public resale, as well as any actual resales of these shares, could adversely affect the trading price of our common stock. We cannot predict the size of future issuances of our common stock pursuant to the exercise of outstanding options or warrants or conversion of other securities, or the effect, if any, that future issuances and sales of shares of our common stock may have on the market price of our common stock. Sales or distributions of substantial amounts of our common stock (including shares issued in connection with an acquisition), or the perception that such sales could occur, may cause the market price of our common stock to decline. In addition, the common stock issuable upon exercise / conversion of outstanding convertible securities may represent overhang that may also adversely affect the market price of our common stock. Overhang occurs when there is a greater supply of a company' s stock in the market than there is demand for that stock. When this happens the price of our stock will decrease, and any additional shares which stockholders attempt to sell in the market will only further decrease the share price. If the share volume of our common stock cannot absorb shares sold by holders of our outstanding convertible securities, then the value of our common stock will likely decrease. A significant number of our shares of common stock are eligible for sale and their sale or potential sale may depress the market price of our common stock. Sales of a significant number of shares of our common stock in the public market could harm the market price of our common stock. Most of our common stock is available for resale in the public market, and if sold would increase the supply of our common stock, thereby causing a decrease in its price. Some or all of our shares of common stock may be offered from time to time in the open market pursuant to effective registration statements and / or compliance with Rule 144, which sales could have a depressive effect on the market for our shares of common stock. Subject to certain restrictions, a person who has held restricted shares for a period of six months may generally sell common stock into the market. The sale of a significant portion of such shares when such shares are eligible for public sale may cause the value of our common stock to decline in value. ~~The~~ **Our outstanding** ~~Warrants~~ **warrants** have certain anti- dilutive rights, put and call rights upon the occurrence of a fundamental transaction, and include a limitation on the number of shares of common stock which may be issued upon exercise thereof without shareholder approval. A total of 2 **. 6 million outstanding** ~~, 584, 900 of the Warrants~~ **warrants** have a term through April 1, 2027 **;** ~~and a $ 4. 50 per share exercise price and~~ a total of ~~235, 000 of the~~ **0. 2 million outstanding** ~~Warrants~~ **warrants** have a term through November 26, 2027 **; and a total of 1. 0 million outstanding warrants have a term through December 28, 2028, each of which have** ~~and~~ - **an** ~~a $ 9. 25~~ exercise price **of $ 3. 00 per share** . All of the ~~Warrants~~ **warrants** include weighted average anti- dilutive rights in the event any shares of common stock or other equity or equity equivalent securities payable in common stock are granted, issued or sold (or the Company enters into any agreement to grant, issue or sell), or in accordance with the terms of the ~~Warrant~~ **warrant** ~~Agreements~~ **agreements evidencing such warrants** , are deemed to have granted, issued or sold, in each case, at a price less than the exercise price, which automatically decreases the exercise price of the ~~Warrants~~ **warrants** upon the occurrence of such event, as described in greater detail in the ~~Warrant~~ **warrant** ~~Agreements~~ **agreements** , and increases the number of shares of common stock issuable upon exercise of the ~~Warrants~~ **warrants** , such that the aggregate exercise price of all **outstanding** ~~Warrants~~ **warrants** remains the same before and after any such dilutive event. Such anti- dilution rights, if triggered, could result in a significant decrease in the exercise price of the ~~Warrants~~ **warrants** combined with a significant increase in the number of shares of common stock issuable upon exercise thereof, which could result in significant dilution to existing shareholders. Upon the occurrence of a fundamental transaction (as described in the ~~Warrant~~ **warrant** ~~Agreements~~ **agreements**) the ~~Warrant~~ **warrant** ~~Agreements~~ **agreements** (a) provide each holder a put right and (b) provide the Company with a call right in respect of the ~~Warrants~~ **warrants** . Upon the exercise of a put right by the holder or a call right by the Company, the Company is obligated to repurchase the ~~Warrants~~ **warrants** for the Black Scholes Value of the ~~Warrants~~ **warrants** repurchased, as calculated in the ~~Warrant~~ **warrant** ~~Agreements~~ **agreements** . Such Black Scholes value may be significant and the requirement to pay such amount may prohibit us from completing a transaction which would otherwise be accretive to shareholders or make such transaction more costly. The ~~Warrants~~ **warrants** also include cashless exercise rights. As a result, we may not receive any cash upon the exercise of the ~~Warrants~~ **warrants** . We face significant penalties and damages in the event ~~a~~ registration ~~statement~~ **statements** registering the resale of the shares of common stock issuable upon exercise of the **outstanding** ~~Warrants~~ **warrants** is not available for the sale of such shares. In connection with the grant of the ~~Warrants~~ **warrants** , the Company and the holders of such ~~Warrants~~ **warrants** entered into a Registration Rights Agreement. Under the Registration Rights Agreement, the Company agreed to use commercially reasonable efforts to file a registration statement ~~(the " Registration Statement ")~~ with the SEC, for purposes of registering the resale of the shares of common stock issuable upon exercise of the Warrants no later than July 1, 2022. The Company also agreed to use commercially reasonable efforts to cause the SEC to declare the Registration Statement effective as soon as practicable and no later than 45 days following the filing of the Registration Statement; provided, that such date is extended until 75 days after the filing date if the ~~Initial~~ **initial** Registration Statement is reviewed by the staff of the Commission. The Registration Statement was filed with the SEC and became effective on July 8, 2022. **In connection with the grant of the December 2023 Warrants, the Company and the holders of the December 2023 Warrants entered into a Registration Rights Agreement dated December 28, 2023. Under the Registration Rights Agreement, the Company agreed to file a registration statement with the SEC as soon as reasonably practicable and in no event later than 30 days following December 28, 2023, which Registration Statement was timely filed, for purposes of registering the resale of the shares of common stock issuable upon exercise of the December 2023 Warrants. The Company also agreed to use commercially reasonable efforts to cause the SEC to declare the Registration Statement effective as soon as practicable and no later than 45 days following the filing of the Registration Statement; provided, that such date is extended until 105 days after the filing date if the Registration Statement is reviewed by the staff of the Commission which registration statement was declared effective on February 8,**

2024. The Registration Rights ~~Agreement~~ **Agreements** also ~~provides~~ - **provide** the holders of the ~~Warrants~~ **warrants** certain piggyback and demand registration rights (including pursuant to an underwritten offering, in the event the gross proceeds from such underwritten offering are expected to exceed $ 35 million). If, subject to certain limited exceptions described in the Registration Rights ~~Agreement~~ **Agreements** , during the period commencing on the effective date of the Registration ~~Statement~~ **Statements** and ending on the earlier of the date when there are no registrable securities or the third anniversary of the effective date of the Registration ~~Statement~~ **Statements** , a registration statement is not continuously effective to allow the sale of the shares underlying the ~~Warrants~~ **warrants** , for more than 10 consecutive calendar days or more than an aggregate of 15 calendar days (which need not be consecutive) during any 12- month period, then, in addition to any other rights such holder of ~~Warrants~~ **warrants** may have under the Registration Rights ~~Agreement~~ **Agreements** or applicable law, (x) on the first such applicable default date, the Company is required to pay to such holder of a Warrant an amount in cash, as partial liquidated damages and not as a penalty, equal to 1. 0 % of the fair market value (such fair market value calculated as required under the Registration Rights ~~Agreement~~ **Agreements**) of the registrable securities held by such holder (the " 1 % Penalty "), and (y) on each monthly anniversary of such default date until all applicable defaults have been cured, shall pay the 1 % Penalty, subject to a maximum penalty of 10 % of the fair market value of the registrable securities held by each applicable holder of ~~Warrants~~ **warrants** (such fair market value calculated as required under the Registration Rights ~~Agreement~~ **Agreements**). The Company has agreed, among other things, to indemnify the holders of the ~~Warrants~~ **warrants** and their affiliates with respect to certain liabilities and to pay all fees and expenses incident to the Company' s obligations under the Registration Rights ~~Agreement~~ **Agreements** . In the event the Registration ~~Statement~~ **Statements** ~~is~~ **are** suspended or terminated, or we otherwise fail to meet certain requirements set forth in the Registration Rights ~~Agreement~~ **Agreements** , we could be required to pay significant penalties which could adversely affect our cash flow and cause the value of our securities to decline in value. Risks Related to the Convertible Senior Notes Servicing our debt will require a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt. Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our current and future planned indebtedness, including the Convertible Senior Notes and Term Note, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations. We ~~owe a significant amount of money under the Convertible Senior Notes which could adversely affect our financial flexibility and our competitive position and our failure to comply with the terms of the Indenture could result in the Convertible Senior Notes being declared in default. We have a significant amount of outstanding indebtedness. As of the date of this filing, we owed approximately $ 98. 2 million under the Convertible Senior Notes. Despite our current debt levels, we and our subsidiaries may be able to incur substantial additional debt in the future, subject to the restrictions contained in our debt instruments, some of which may be secured debt. The indenture governing our Convertible Senior Notes imposes certain restrictions on us and requires us to maintain compliance with specified covenants. Our ability to comply with these covenants may be affected by events beyond our control. A failure to comply with the covenants and other provisions of our outstanding debt could result in events of default under such instruments, which could permit acceleration of all of our debt and borrowings. Any required repayment of our debt as a result of a fundamental change or other acceleration would lower our current cash on hand such that we would not have those funds available for use in our business. We may need to raise additional funding in the future to repay or refinance the Convertible Senior Notes and as such may need to seek additional debt or equity financing. Such additional financing may not be available on favorable terms, if at all. If debt financing is available and obtained, our interest expense may increase and we may be subject to the risk of default, depending on the terms of such financing. If equity financing is available and obtained it may result in our stockholders experiencing significant dilution. If such financing is unavailable, we may be forced to curtail our operations, which may cause the value of our securities to decline in value and / or become worthless. We~~ may not have enough available funds or the ability to raise the funds necessary to repurchase the Convertible Senior Notes for cash upon a fundamental change or to settle conversions of the Convertible Senior Notes in cash, and our future indebtedness may contain limitations on our ability to pay cash upon conversion or repurchase of the Convertible Senior Notes. Holders of the Convertible Senior Notes will have the right to require us to repurchase all or a portion of their Convertible Senior Notes upon the occurrence of a fundamental change at a fundamental change repurchase price equal to 100 % of the accreted principal amount of the Convertible Senior Notes to be repurchased **(currently $ 15. 3 million)** , plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. Additionally, we will be required to repay the Convertible Senior Notes in cash at their maturity unless earlier repurchased, redeemed or converted. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of Convertible Senior Notes surrendered therefor or Convertible Senior Notes are being redeemed or converted. In addition, our ability to repurchase the Convertible Senior Notes or to pay cash upon redemptions of the Convertible Senior Notes may be limited by agreements we enter into governing our future indebtedness, which may limit our ability to repurchase the Convertible Senior Notes or to pay cash upon redemptions or conversions of the Convertible Senior Notes. Finally, our ability to repurchase the Convertible Senior Notes or to pay cash upon redemptions or conversions of the Convertible Senior Notes may be limited by law or by regulatory authority. Our failure to repurchase Convertible Senior Notes at a time when the repurchase is required by the indenture or to pay any cash payable upon redemption or on future conversions of the Convertible Senior Notes, as required by the indenture, would constitute a default under the indenture. A default under the indenture or the occurrence of a fundamental change itself could also lead to a default under agreements governing our future indebtedness. Moreover, the occurrence of a fundamental change under the indenture governing the Convertible Senior Notes could constitute an event of default under any agreements governing our future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the Convertible Senior Notes or make cash payments upon conversions thereof. We may not have sufficient funds available to pay amounts owed on the Convertible Senior Notes, and such funding may not be available on favorable terms, if at all. Our failure to pay the amounts due under the Convertible Senior Notes, when due, would constitute a default under the Convertible Senior Notes and may force us to sell certain assets, curtail our business plan, or seek bankruptcy protection. The conditional conversion feature of the Convertible Senior Notes, if triggered, may adversely affect our financial condition and liquidity. In the event the conditional conversion feature of the Convertible Senior Notes is triggered, holders of Convertible Senior Notes will be entitled to convert the Convertible Senior Notes at any time during specified periods at their option. Specifically, the Convertible Senior Notes bear interest at a rate of 6. 25 % per year, payable semiannually in arrears on April 1 and October 1 of each year, beginning on April 1, 2022. The Convertible Senior Notes are convertible into common stock at an initial conversion rate of 169. 9235 shares of common stock, per $ 1, 000 principal amount of Convertible Senior Notes (equivalent to an initial conversion price of approximately $ 5. 89 per share). Prior to July 1, 2027, the Convertible Senior Notes will be convertible at the option of the holders of the Convertible Senior Notes only upon the satisfaction of certain conditions and during certain periods, and thereafter, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date. The Convertible Senior Notes were convertible for a limited number of days in May 2021, due to certain triggering events described in the Indenture and may be convertible pursuant to their terms prior to July 1, 2027 again in the future. Upon conversion, the Company will pay or deliver, as the case may be, cash, shares of its common stock or a combination of cash and shares of its common stock, at its election. The Company will also be required to increase the conversion rate for holders who convert their Convertible Senior Notes in connection with a fundamental change and certain other corporate events or convert their Convertible Senior Notes called for optional redemption (or deemed called for optional redemption) following delivery by the Company of a notice of redemption, in either case, in certain circumstances. If one or more holders elect to convert their Convertible Senior Notes, unless we elect to satisfy our conversion obligation by delivering solely shares of our common stock (other than paying cash in lieu of delivering any fractional share), we would be required to settle a portion or all of our conversion obligation through the payment of cash, which could adversely affect our liquidity. Further, even if holders do not elect to convert their Convertible Senior Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the Convertible Senior Notes, as a current rather than long- term liability, which would result in a material reduction of our net working capital. Additionally, the issuance of common stock upon conversion of the Convertible Senior Notes will result in immediate and substantial dilution to the interests of other stockholders. In addition, the common stock issuable upon conversion of the Convertible Senior Notes may represent overhang that may also adversely affect the market price of our common stock. Overhang occurs when there is a greater supply of a company' s stock in the market than there is demand for that stock. When this happens the price of the company' s stock will decrease, and any additional shares which stockholders attempt to sell in the market will only further decrease the share price. The Convertible Senior Notes may in the future be convertible into shares of our common stock at a discount to market, which would provide the holders with the ability to sell their common stock at or below market and still make a profit. If the share volume of our common stock cannot absorb the discounted shares, then the value of our common stock will likely decrease. The accounting method for reflecting the Convertible Senior Notes on our balance sheet, accruing interest expense for the Convertible Senior Notes and reflecting the underlying shares of our common stock in our reported diluted earnings per share may adversely affect our reported earnings and financial condition. In August 2020, the Financial Accounting Standards Board (" FASB ") published an Accounting Standards Update, which we refer to as ASU 2020- 06, which simplifies certain of the accounting standards that apply to Convertible Senior Notes. ASU 2020- 06 was effective for SEC- reporting entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Convertible Senior Notes are reflected as a liability on our balance sheets, with the initial carrying amount equal to the principal amount of the Convertible Senior Notes, net of issuance costs. The issuance costs will be treated as a debt discount for accounting purposes, which will be amortized into interest expense over the term of the Convertible Senior Notes. As a result of this amortization, the interest expense that we expect to recognize for the Convertible Senior Notes for accounting purposes will be greater than the cash interest payments we will pay on the Convertible Senior Notes, which will result in lower reported income. In addition, ~~we expect that~~ the shares underlying the Convertible Senior Notes ~~will~~ **may** be reflected in our diluted earnings per share using the " if converted " method, in accordance with ASU 2020- 06. Under that method, if the conversion value of the Convertible Senior Notes exceeds their principal amount for a reporting period, then we will calculate our diluted earnings per share assuming that all of the Convertible Senior Notes were converted at the beginning of the reporting period and that we issued shares of our common stock to settle the excess. However, if reflecting the Convertible Senior Notes in diluted earnings per share in this manner is anti- dilutive, or if the conversion value of the Convertible Senior Notes does not exceed their principal amount for a reporting period, then the shares underlying the Convertible Senior Notes will not be reflected in our diluted earnings per share. The application of the if- converted method may reduce our reported diluted earnings per share, and accounting standards may change in the future in a manner that may adversely affect our diluted earnings per share. The conversion rate for Convertible Senior Notes converted in connection with a make- whole fundamental change or a notice of redemption for an optional redemption may be increased. If a make- whole fundamental change occurs prior to the maturity date of the Convertible Senior Notes or upon the issuance of a notice of redemption for an optional redemption, we will, in certain circumstances, increase the conversion rate for a holder who elects to convert its Convertible Senior Notes in connection with such make- whole fundamental change or elects to convert its Convertible Senior Notes called (or deemed called) for optional redemption during the related redemption period, by a number of additional shares of our common stock. The increase in the conversion rate will be determined based on the date on which the specified corporate transaction becomes effective or the date of the notice and the price paid (or deemed to be paid) per share of our common stock in such transaction or the date of the redemption notice. Provided however, in no event will the conversion rate per $ 1, 000 principal amount of Convertible Senior Notes as a result of this adjustment exceed **maximum** 233. 6449 shares of common stock. Our obligation to increase the conversion rate for Convertible Senior Notes converted in connection with a make- whole fundamental change or Convertible Senior Notes called for optional redemption that are converted during the related redemption period could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness and equitable remedies. The fundamental change repurchase feature of the Convertible Senior Notes could delay or prevent an otherwise beneficial attempt to take over our company, or discourage a potential acquirer of us. The Convertible Senior Notes include certain repurchase rights of the holders which are triggered upon a fundamental change as discussed herein. A takeover of our company would trigger an option of the holders of the Convertible Senior Notes to require us to repurchase the Convertible Senior Notes. This may have the effect of delaying or preventing a takeover of our company that would otherwise be beneficial to stockholders or discouraging a potential acquirer of us. Risks Relating to Our Listing on The Nasdaq Capital Market Our Common Stock may be delisted from The Nasdaq Capital Market if we cannot satisfy Nasdaq' s continued listing requirements. Among the conditions required for continued listing on The Nasdaq Capital Market, Nasdaq requires us to maintain at least $ 2. 5 million in stockholders' equity; $ 35 **. 0** million in market value of listed securities; or $ ~~500, 000~~ **0. 5 million** in net income over the prior two years or two of the prior three years, to have a majority of independent directors, and to maintain a stock price over $ 1. 00 per share. Our stockholders' equity may not remain above Nasdaq' s $ 2. 5 million minimum **requirement** , we may not maintain $ 35 **. 0** million in market value of listed securities, and we may not generate over $ ~~500, 000~~ **0. 5 million** of yearly net income moving forward, we may not be able to maintain independent directors, and we may not be able to maintain a stock price over $ 1. 00 per share. If we fail to timely comply with the applicable Nasdaq continued listing requirements, our stock may be delisted. In addition, even if we demonstrate compliance with the requirements above, we will have to continue to meet other objective and subjective listing requirements to continue to be listed on The Nasdaq Capital Market. Delisting from The Nasdaq Capital Market could make trading our common stock more difficult for investors, potentially leading to declines in our share price and liquidity. Without a Nasdaq Capital Market listing, stockholders may have a difficult time getting a quote for the sale or purchase of our stock, the sale or purchase of our stock would likely be made more difficult and the trading volume and liquidity of our stock could decline. Delisting from The Nasdaq Capital Market could also result in negative publicity and could also make it more difficult for us to raise additional capital. The absence of such a listing may adversely affect the acceptance of our common stock as currency or the value accorded by other parties. Further, if we are delisted, we would also incur additional costs under state blue sky laws in connection with any sales of our securities. These requirements could severely limit the market liquidity of our common stock and the ability of our stockholders to sell our common stock in the secondary market. If our common stock is delisted by Nasdaq, our common stock may be eligible to trade on an over- the- counter quotation system, such as the OTCQB market, where an investor may find it more difficult to sell our stock or obtain accurate quotations as to the market value of our common stock. In the event our common stock is delisted from The Nasdaq Capital Market, we may not be able to list our common stock on another national securities exchange or obtain quotation on an over- the counter quotation system. If we are delisted from The Nasdaq Capital Market, our ability to sell our shares of our common stock could also be limited by the penny stock restrictions, which could further limit the marketability of our shares. If our common stock is delisted, it could come within the definition of " penny stock " as defined in the Exchange Act and would then be covered by Rule 15g- 9 of the Exchange Act. That Rule imposes additional sales practice requirements on broker- dealers who sell securities to persons other than established customers and accredited investors. For transactions covered by Rule 15g- 9, the broker- dealer must make a special suitability determination for the purchaser and receive the purchaser' s written agreement to the transaction prior to the sale. Consequently, Rule 15g- 9, if it were to become applicable, would affect the ability or willingness of broker- dealers to sell our securities, and accordingly would affect the ability of stockholders to sell their securities in the public market. These additional procedures could also limit our ability to raise additional capital in the future. Due to the fact that our common stock is listed on The Nasdaq Capital Market, we are subject to financial and other reporting and corporate governance requirements which increase our costs and expenses. We are currently required to file annual and quarterly information and other reports with the Securities and Exchange Commission that are specified in Sections 13 and 15 (d) of the Securities Exchange Act of 1934, as amended. Additionally, due to the fact that our common stock is listed on The Nasdaq Capital Market, we are also subject to the requirements to maintain independent directors, comply with other corporate governance requirements and are required to pay annual listing and stock issuance fees. These obligations require a commitment of additional resources including, but not limited, to additional expenses, and may result in the diversion of our senior management' s time and attention from our day- to- day operations. These obligations increase our expenses and may make it more complicated or time consuming for us to undertake certain corporate actions due to the fact that Nasdaq may require approval for such transactions and / or Nasdaq rules may require us to obtain shareholder approval for such transactions. Risks Related To our Governing Documents and Nevada Law Our Articles of Incorporation and Bylaws provide for indemnification of officers and directors at our expense, which may result in a major cost to us and hurt the interests of our shareholders because corporate resources may be expended for the benefit of officers or directors. Our Articles of Incorporation and Bylaws provide that we shall indemnify our directors and officers to the fullest extent not prohibited by the Nevada Revised Statutes; and, provided further, that we are not required to indemnify any director or officer in connection with any proceeding (or part thereof) initiated by such person unless (a) such person conducted himself / herself in good faith, (b) such person reasonably believed, in the case of conduct in his / her official capacity, that his / her conduct was in the Company' s best interests and, in all other cases, that his / her conduct was at least not opposed to the Company' s best interests, and (c) in the case of any criminal proceeding, had no reasonable cause to believe that his / her conduct was unlawful and unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board of Directors, (iii) such indemnification is provided by the Company, in its sole discretion, pursuant to the powers vested in the Company under the Nevada Revised Statutes, or (iv) such indemnification is required to be made pursuant to the terms of the Bylaws. We also have power to indemnify our employees and other agents as set forth in the Nevada Revised Statutes. Our Bylaws also provide that we are required to advance to any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding, by reason of the fact that he / she is or was a director or officer, of the corporation, or is or was serving at the request of the Company as a director or executive officer of another corporation, partnership, joint venture, trust or other enterprise, prior to the final disposition of the proceeding, promptly following request therefor, all reasonable expenses incurred by any director or officer in connection with such proceeding upon receipt of an undertaking by or on behalf of such person to repay said amounts if it should be determined ultimately that such person is not entitled to be indemnified under the Bylaws or otherwise. We have been advised that, in the opinion of the SEC, indemnification for liabilities arising under federal securities laws is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification for liabilities arising under federal securities laws, other than the payment by us of expenses incurred or paid by a director, officer or controlling person in the successful defense of any action, suit or proceeding, is asserted by a director, officer or controlling person in connection with our activities, we will (unless in the opinion of our counsel, the matter has been settled by controlling precedent) submit to a court of appropriate jurisdiction, the question whether indemnification by us is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue. The legal process relating to this matter if it were to occur is likely to be very costly and may result in us receiving negative publicity, either of which factors is likely to materially reduce the market and price for our shares, if such a market ever develops. Our Articles of Incorporation contain a specific provision that limits the liability of our directors and officers for monetary damages to the Company and the Company' s shareholders to the fullest extent permitted by Nevada law and we are required, under certain circumstances, to indemnify officers, directors and employees. The limitation of monetary liability against our directors, officers and employees under Nevada law and the existence of indemnification rights to them may result in substantial expenditures by us and may discourage lawsuits against our directors, officers and employees. Our Articles of Incorporation contain a specific provision that limits the liability of our directors and officers to the fullest extent permitted by the Nevada Revised Statutes. We also have contractual indemnification obligations under our employment and engagement agreements with our executive officers and directors, as well as pursuant to certain indemnification agreements. The foregoing indemnification obligations could result in us incurring substantial expenditures to cover the cost of settlement or damage awards against our directors and officers, which the Company may be unable to recoup. These provisions and resultant costs may also discourage us from bringing a lawsuit against our directors and officers for breaches of their fiduciary duties and may similarly discourage the filing of derivative litigation by our stockholders against our directors and officers, even though such actions, if successful, might otherwise benefit us and our stockholders. Anti- takeover provisions in our Articles of Incorporation, as amended and our Bylaws, as well as provisions of Nevada law, might discourage, delay or prevent a change in control of our company or changes in our management and, therefore, depress the trading price of our common stock. Our Articles of Incorporation, as amended and Bylaws and Nevada law contain provisions that may discourage, delay or prevent a merger, acquisition or other change in control that shareholders may consider favorable, including transactions in which you might otherwise receive a premium for your shares of our common stock. These provisions may also prevent or delay attempts by our shareholders to replace or remove our management. Our corporate governance documents include the following provisions: • the removal of directors only with the approval of shareholders holding at least two- thirds of the voting power of the issued and outstanding stock entitled to vote in the election of directors; • requiring advance notice of shareholder proposals for business to be conducted at meetings of our shareholders and for nominations of candidates for election to our Board of Directors; • subject to the rights of the holders of any outstanding series of preferred stock and unless otherwise required by law or resolution of our board of directors, vacancies on the board of directors arising through death, resignation, retirement, disqualification or removal, an increase in the number of directors or otherwise may be filled by a majority of the directors then in office, though less than a quorum; • authorizing blank check preferred stock, which could be issued with voting, liquidation, dividend and other rights superior to our common stock; and • limiting the liability of, and providing indemnification to, our directors and officers. Any provision of our Articles of Incorporation, as amended or Bylaws or Nevada law that has the effect of delaying or deterring a change in control could limit the opportunity for our shareholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock. The existence of the foregoing provisions and anti- takeover measures could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of our company, thereby reducing the likelihood that you could receive a premium for your common stock in an acquisition. Our authorized preferred stock can be designated by the Board of Directors without shareholder approval. We have 50 million shares of preferred stock authorized of which no shares are currently designated and no shares are issued and outstanding. Our directors, within the limitations and restrictions contained in our Articles of Incorporation and without further action by our shareholders, have the authority to issue shares of preferred stock from time to time in one or more series and to fix the number of shares and the relative rights, conversion rights, voting rights, and terms of redemption, liquidation preferences and any other preferences, special rights and qualifications of any such series. Any issuance of shares of preferred stock could adversely affect the rights of holders of our common stock. Should we issue additional shares of our common stock at a later time, each investor' s ownership interest in our stock would be proportionally reduced. Because our board of directors is entitled to designate the powers and preferences of the preferred stock without a vote of our shareholders, subject to Nasdaq rules and regulations, our shareholders will have no control over what designations and preferences our future preferred stock, if any, will have. General Risk Factors There may be future sales and issuances of our common stock, which could adversely affect the market price of our common stock and dilute stockholders' ownership of common stock. The exercise of any options granted to executive officers, directors and other employees under our equity compensation plans, the exercise of outstanding warrants, the conversion of outstanding convertible securities and other issuances of our common stock in the future could have an adverse effect on the market price of the shares of our common stock. We are not restricted from issuing additional shares of common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive shares of common stock, provided that we are subject to the requirements of The Nasdaq Capital Market (which generally require shareholder approval for any transactions which would result in the issuance of more than 20 % of our then outstanding shares of common stock or voting rights representing over 20 % of our then outstanding shares of stock), subject to certain exceptions. Sales of a substantial number of shares of our common stock in the public market or the perception that such sales might occur could materially adversely affect the market price of the shares of our common stock. Because our decision to issue securities in any future offering or transaction will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings or issuances. Additionally, the sale of a significant portion of our common stock may cause the value of our common stock to decline in value. Shareholders may be diluted significantly through our efforts to obtain financing and satisfy obligations through the issuance of additional shares of our common stock. Wherever possible, our Board of Directors will attempt to use non- cash consideration to satisfy obligations. In many instances, we believe that the non- cash consideration will consist of restricted shares of our common stock or where shares are to be issued to our officers, directors, and applicable consultants. Our Board of Directors has authority, without action or vote of the shareholders, to issue all or part of the authorized but unissued shares of common stock. In addition, we may attempt to raise capital by selling shares of our common stock, possibly at a discount to market. These actions will result in dilution of the ownership interests of existing shareholders, which may further dilute common stock book value, and that dilution may be material. Such issuances may also serve to enhance existing management' s ability to maintain control of the Company because the shares may be issued to parties or entities committed to supporting existing management. Securities analysts may not cover our common stock and this may have a negative impact on our common stock' s market price. The trading market for our common stock will depend, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. We currently have limited research coverage by securities and industry analysts. If one or more of the analysts who covers us downgrades our common stock, changes their opinion of our shares or publishes inaccurate or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our common stock could decrease and we could lose visibility in the financial markets, which could cause our stock price and trading volume to decline. We do not intend to pay cash dividends on our common stock in the foreseeable future, and therefore only appreciation of the price of our common stock will provide a return to our stockholders. We currently anticipate that we will retain all future earnings, if any, to finance the growth and development of our business. We do not intend to pay cash dividends in the foreseeable future. Any payment of cash dividends will depend upon our financial condition, capital requirements, earnings and other factors deemed relevant by our Board of Directors, and will be subject to the terms of our debt agreements and convertible notes, which we anticipate will prevent us from paying cash dividends on, and / or redeeming, outstanding securities. As a result, only appreciation of the price of our common stock, which may not occur, will provide a return to our stockholders. We may be subject in the normal course of business to judicial, administrative or other third- party proceedings that could interrupt or limit our operations, require expensive remediation, result in adverse judgments, settlements or fines and create negative publicity. Governmental agencies may, among other things, impose fines or penalties on us relating to the conduct of our business, attempt to revoke or deny renewal of our operating permits, franchises or licenses for violations or alleged violations of environmental laws or regulations or as a result of third- party challenges, require us to install additional pollution control equipment or require us to remediate potential environmental problems relating to any real property that we or our predecessors ever owned, leased or operated or any waste that we or our predecessors ever collected, transported, disposed of or stored. Individuals, citizens groups, trade associations or environmental activists may also bring actions against us in connection with our operations that could interrupt or limit the scope of our business. Any adverse outcome in such proceedings could harm our operations and financial results and create negative publicity, which could damage our reputation, competitive position and stock price. We may also be required to take corrective actions, including, but not limited to, installing additional equipment, which could require us to make substantial capital expenditures. We could also be required to indemnify our employees in connection with any expenses or liabilities that they may incur individually in connection with regulatory action against us. These could result in a material adverse effect on our prospects, business, financial condition and our results of operations ~~. We may experience adverse impacts on our reported results of operations as a result of adopting new accounting standards or interpretations. Our implementation of and compliance with changes in accounting rules, including new accounting rules and interpretations, could adversely affect our reported financial position or operating results or cause unanticipated fluctuations in our reported operating results in future periods~~ . Our hedging activities may prevent us from benefiting fully from increases in oil prices and may expose us to other risks, including counterparty risk. From time to time, the Company utilizes derivative instruments to manage its exposure to fluctuations in the underlying commodity prices of its inventory. The Company' s management sets and implements hedging policies, including volumes, types of instruments and counterparties, to support oil prices at targeted levels and manage its exposure to fluctuating prices. The Company' s derivative instruments consist of swap and futures arrangements for oil. In a commodity swap agreement, if the agreed- upon published third- party index price (" index price ") is lower than the swap fixed price, the Company receives the difference between the index price and the swap fixed price. If the index price is higher than the swap fixed price, the Company pays the difference. For futures arrangements, the Company receives the difference positive or negative between an agreed- upon strike price and the market price. To the extent that we continue to engage in hedging activities to protect ourselves against commodity price declines, we may be prevented from fully realizing the benefits of increases in oil prices above the prices established by our hedging contracts. In addition, our hedging activities may expose us to the risk of financial loss in certain circumstances, including instances in which the counterparties to our hedging contracts fail to perform under the contracts. Finally, we are subject to risks associated with the adoption of derivatives legislation and regulations related to derivative contracts which if adopted, could have an adverse impact on our ability to hedge risks associated with our business. If regulations adopted in the future require that we post margin for our hedging activities or require our counterparties to hold margin or maintain capital levels, the cost of which could be passed through to us, or impose other requirements that are more burdensome than current regulations, hedging transactions in the future would become more expensive than we experienced in the past. The threat and impact of terrorist attacks, cyber- attacks or similar hostilities may adversely impact our operations. We cannot assess the extent of either the threat or the potential impact of future terrorist attacks on the energy industry in general, and on us in particular, either in the short- term or in the long- term. Uncertainty surrounding such hostilities may affect our operations in unpredictable ways, including the possibility that infrastructure facilities, including pipelines and gathering systems, production facilities, processing plants and refineries, could be targets of, or indirect casualties of, an act of terror, a cyber- attack or electronic security breach, or an act of war. We may fail to meet our publicly announced guidance or other expectations about our business, which could cause our stock price to decline. We may provide, from time- to- time guidance regarding our expected financial and business performance. Correctly identifying key factors affecting business conditions and predicting future events is inherently an uncertain process, and our guidance may not ultimately be accurate and has in the past been inaccurate in certain respects, such as the timing of acquisitions, revenue projections and project completions. Our guidance is based on certain assumptions such as those relating to anticipated production and sales volumes (which generally are not linear throughout a given period), average sales prices, supplier and commodity costs and planned cost reductions. If our guidance varies from actual results due to our assumptions not being met or the impact on our financial performance that could occur as a result of various risks and uncertainties, the market value of our common stock could decline significantly ~~. Transactions relating to our Convertible Senior Notes may dilute the ownership interest of existing stockholders, or may otherwise depress the price of our common stock. The conversion of some or all of the Convertible Senior Notes issued would dilute the ownership interests of existing stockholders to the extent we deliver shares upon conversion of any of such notes by their holders, and we may be required to deliver a significant number of shares. Any sales in the public market of the common stock issuable upon such conversion could adversely affect their prevailing market prices. In addition, the existence of the Convertible Senior Notes may encourage short selling by market participants because the conversion of such notes could be used to satisfy short positions, or the anticipated conversion of such notes into shares of our common stock could depress the price of our common stock~~. Anti- takeover provisions contained in our governing documents, applicable laws and our Convertible Senior Notes could impair a takeover attempt. Our Articles of Incorporation and Bylaws afford certain rights and powers to our board of directors that may facilitate the delay or prevention of an acquisition that it deems undesirable. We are also subject to Sections 78. 378 to 78. 3793 of the Nevada Revised Statutes, which seeks to impede " unfriendly " corporate takeovers by providing that an " acquiring person " shall only obtain voting rights in the " control shares " purchased by such person to the extent approved by the other stockholders at a meeting, subject to certain exceptions, including requiring that an applicable issuer have 200 or more stockholders of record, at least 100 of whom have had addresses in Nevada at all times during the 90 days immediately preceding such date, which we believe do not currently apply to us. In addition, the terms of our Convertible Senior Notes may require us to repurchase such notes in the event of a fundamental change, including a takeover of our company. Any of the foregoing provisions and terms that has the effect of delaying or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock, and could also affect the price that some investors are willing to pay for our common stock. We may be adversely affected by climate change or by legal, regulatory or market responses to such change. The long- term effects of climate change are difficult to predict; however, such effects may be widespread. Impacts from climate change may include physical risks (such as rising sea levels or frequency and severity of extreme weather conditions), social and human effects (such as population dislocations or harm to health and well- being), compliance costs and transition risks (such as regulatory or technology changes) and other adverse effects. The effects of climate change could increase the cost of certain products, commodities and energy (including utilities), which in turn may impact our ability to procure goods or services required for the operation of our business. Climate change could also lead to increased costs as a result of physical damage to or destruction of our facilities, loss of inventory, and business interruption due to weather events that may be attributable to climate change. These events and impacts could materially adversely affect our business operations, financial position or results of operation. We might be adversely impacted by changes in accounting standards. Our consolidated financial statements are subject to the application of U. S. GAAP, which periodically is revised or reinterpreted. From time to time, we are required to adopt new or revised accounting standards issued by recognized authoritative bodies, including the Financial Accounting Standards Board (" FASB ") and the SEC. It is possible that future accounting standards may require changes to the accounting treatment in our consolidated financial statements and may require us to make significant changes to our financial systems. Such changes might have a materially adverse impact on our financial position or results of operations.